

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of E-House.



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\$200 million 7.625% Senior Notes due 2022

(Stock Code: 40024)

US\$200 million 7.60% Senior Notes due 2023

(Stock Code: 40507)

- (1) SUBSCRIPTION OF SUBSCRIPTION SHARES BY TAobao CHINA
AND ISSUE OF SUBSCRIPTION SHARES
UNDER SPECIFIC MANDATE**
- (2) SUBSCRIPTION OF SUBSCRIPTION SHARES BY ZHOU SUBSIDIARY
AND ISSUE OF SUBSCRIPTION SHARES
UNDER SPECIFIC MANDATE**
- (3) SUBSCRIPTION OF SUBSCRIPTION SHARES BY YUNFENG
AND ISSUE OF SUBSCRIPTION SHARES
UNDER SPECIFIC MANDATE**
- (4) ACQUISITION OF 85% EQUITY INTEREST IN THE
JV AND GRANT OF REPURCHASE OPTION – DISCLOSEABLE
TRANSACTIONS**
- (5) APPLICATION FOR WHITEWASH WAIVER**
- (6) SHAREHOLDERS' AGREEMENT**
- (7) STRATEGIC COOPERATION**

SUBSCRIPTION OF SHARES BY TAobao CHINA

On 28 April 2021, E-House (as issuer) and Taobao China (as subscriber) entered into the Alibaba Subscription Agreement for the allotment and issue of 132,000,000 Subscription Shares (representing 7.55% and 5.67% of the issued share capital of E-House as of the date of this announcement and upon completion of the Share Subscriptions and the JV Acquisition, respectively) at the Subscription Price of HK\$7.50 per Subscription Share for a total subscription price of HK\$990 million.

SUBSCRIPTION OF SHARES BY ZHOU SUBSIDIARY

On 28 April 2021, E-House (as issuer) and the Zhou Subsidiary (as subscriber) entered into the Zhou Subscription Agreement for the allotment and issue of 133,333,333 Subscription Shares (representing 7.62% and 5.72% of the issued share capital of E-House as of the date of this announcement and upon completion of the Share Subscriptions and the JV Acquisition, respectively) at the Subscription Price of HK\$7.50 per Subscription Share for a total subscription price of approximately HK\$1,000 million.

SUBSCRIPTION OF SHARES BY YUNFENG

On 28 April 2021, E-House (as issuer) and Yunfeng (as subscriber) entered into the Yunfeng Subscription Agreement for the allotment and issue of 66,666,667 Subscription Shares (representing 3.81% and 2.86% of the issued share capital of E-House as of the date of this announcement and upon completion of the Share Subscriptions and the JV Acquisition, respectively) at the Subscription Price of HK\$7.50 per Subscription Share for a total subscription price of approximately HK\$500 million.

ACQUISITION OF 85% INTEREST IN THE JV

On 28 April 2021, E-House and Alibaba Investment entered into the JV Acquisition Agreement pursuant to which E-House agreed to purchase and to procure Fangyou to receive (as transferee), and Alibaba Investment agreed to sell, an 85% equity interest in the JV (the remaining 15% equity interest in the JV is already indirectly held by E-House through Fangyou) for the consideration of HK\$1,860 million, which shall be settled by way of the allotment and issue of 248,000,000 JV Consideration Shares (representing 14.18% and 10.65% of the issued share capital of E-House as of the date of this announcement and upon completion of the Share Subscriptions and the JV Acquisition, respectively) by E-House to Alibaba Investment.

SHAREHOLDERS' AGREEMENT

E-House understands that the Zhou Parties and Taobao China are expected to enter into a Shareholders' Agreement upon the completion of the Share Subscriptions and JV Acquisition to, among other things, regulate their relationship with each other in respect of their interests in E-House and certain aspects of the affairs of E-House. The Shareholders' Agreement is expected to contain terms relating to director nomination rights, establishment of a Strategic Committee of the Board, reserved matters, non-compete undertakings and restrictions on dealings.

STRATEGIC COOPERATION

On 28 April 2021, E-House and Alibaba China also entered into the Strategic Cooperation Amendment Agreement which amended and restated the terms of the Prior Cooperation Agreement and under which Alibaba China agreed to cause to be granted to Tianji Haofang (an indirectly wholly-owned subsidiary of the JV) the exclusive right to develop and operate a Tmall Haofang (天貓好房) branded online real estate marketing and transaction service platform, to cause to be licensed to Tianji Haofang Tmall-related intellectual property rights, and to cause to be provided to E-House technical, product, data and operational support to enhance its digital and online marketing capabilities. E-House has also undertaken to Alibaba China that E-House will ensure that Tianji Haofang will comply with its obligations under the Marketing and Promotional Services Agreement.

SPECIFIC MANDATES

Each of the Subscription Shares and the JV Consideration Shares will be allotted and issued pursuant to Specific Mandates to be obtained from the E-House Independent Shareholders at the E-House EGM. Each of the Subscription Shares and the JV 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 E-House to the Stock Exchange for the approval of the listing of, and permission to deal in, the Subscription Shares and the JV Consideration Shares.

IMPLICATIONS UNDER THE LISTING RULES FOR E-HOUSE

Connected Transactions

Zhou Subscription

Mr. Zhou is a substantial shareholder and director of E-House, and each of the Zhou Parties is an associate of Mr. Zhou, and as such, the Zhou Subscription is a connected transaction of E-House. As the highest applicable percentage ratio is more than 5%, the Zhou Subscription is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Transactions contemplated under the Marketing and Promotional Services Agreement

Upon completion of the JV Acquisition, the JV will become a wholly-owned subsidiary of E-House, and as such, the continuing transaction contemplated under the Marketing and Promotional Services Agreement will become a continuing connected transaction of E-House under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.60 of the Listing Rules: (a) given that the E-House Group intends to continue to conduct such continuing transaction after completion of the JV Acquisition, E-House is required to comply with the annual review and disclosure requirements in respect of the continuing transaction contemplated under the Marketing and Promotional Services Agreement; and (b) when the Marketing and Promotional Services Agreement is renewed or its terms are varied, E-House will be required to comply with the applicable requirements under Chapter 14A of the Listing Rules.

Discloseable Transactions

With respect to each of the JV Acquisition and the grant of the Repurchase Option, the highest applicable percentage ratio is more than 5% but less than 25%, and as such, the JV Acquisition and the grant of the Repurchase Option (which is classified as if it had been exercised since it is an option not exercisable at the discretion of E-House) each constitutes a discloseable transaction for E-House under Chapter 14 of the Listing Rules.

IMPLICATIONS UNDER THE TAKEOVERS CODE

As at the date of this announcement, each of: (a) Alibaba Holding (through its subsidiaries); and (b) funds managed by YF Capital is/are interested in 20% or more of the issued shares of IK Healthcare Holdings Limited, a company incorporated under the laws of the Cayman Islands. As such, the Alibaba Parties and Yunfeng are presumed to be acting in concert by virtue of class (1) of the presumptions under the definition of “acting in concert” in the Takeovers Code.

As at the date of this announcement, the Zhou Parties are interested in 20% or more of the issued Shares. Following the Alibaba Subscription and the JV Acquisition, the Alibaba Parties will be interested in 20% or more of the issued Shares and, accordingly, the Zhou Parties and the Alibaba Parties will be presumed to be acting in concert by virtue of class (1) of the presumptions under the definition of “acting in concert” in the Takeovers Code with respect to their interests in E-House for the purposes of the Takeovers Code.

Upon completion of the Share Subscriptions and the JV Acquisition, the aggregate shareholding of the Zhou Parties, the Alibaba Parties and Yunfeng will exceed 30%. Under Rule 26.1 of the Takeovers Code, the Share Subscriptions and the JV Acquisition will, if consummated, trigger an obligation on the part of the Zhou Parties, the Alibaba Parties and Yunfeng to make a mandatory general offer for all the issued Shares and other securities of E-House (other than those already owned or agreed to be acquired by the Zhou Parties, the Alibaba Parties and Yunfeng), unless the Whitewash Waiver is granted by the Executive. An application will be made to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the E-House Independent Shareholders at the E-House EGM by way of poll.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEES AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.8 of the Takeovers Code, the Code Independent Board Committee, comprising Mr. Li Silong, Mr. Zhang Hai, Ms. Xie Mei, Mr. Huang Haojun, Mr. Zhang Bang, Mr. Zhu Hongchao, Mr. Wang Liqun, and Mr. Li Jin, being all the non-executive and independent non-executive directors of E-House, has been established to advise the E-House Independent Shareholders in relation to the Share Subscriptions, the JV Acquisition, the Specific Mandates and the Whitewash Waiver.

The Listing Rules Independent Board Committee comprising Mr. Zhang Bang, Mr. Zhu Hongchao, Mr. Wang Liqun, and Mr. Li Jin, being all the independent non-executive directors of E-House, has also been established to advise the E-House Independent Shareholders in relation to the Zhou Subscription and the Zhou Specific Mandate in accordance with Chapter 14A of the Listing Rules.

The Independent Financial Adviser will be appointed to advise the Code Independent Board Committee, the Listing Rules Independent Board Committee and the E-House Independent Shareholders in this regard.

SHAREHOLDER APPROVAL

The E-House EGM will be convened and held for the E-House Independent Shareholders to consider and approve, among other matters if applicable: (i) the Share Subscriptions; (ii) the issue of the Subscription Shares to Taobao China pursuant to the Alibaba Specific Mandate; (iii) the issue of the Subscription Shares to the Zhou Subsidiary pursuant to the Zhou Specific Mandate; (iv) the issue of the Subscription Shares to Yunfeng pursuant to the Yunfeng Specific Mandate; (v) the JV Acquisition and the issue of the JV Consideration Shares to Alibaba Investment pursuant to the JV Consideration Mandate; and (vi) the Whitewash Waiver.

E-House expects to despatch a circular on or before 19 May 2021 and in accordance with the Listing Rules and the Takeovers Code containing, among others: (i) details of the Share Subscriptions, the JV Acquisition, the Specific Mandates and the Whitewash Waiver; (ii) a letter of advice from the Independent Financial Adviser to the Independent Board Committees and the E-House Independent Shareholders regarding the Share Subscriptions, the JV Acquisition, the grant of the Specific Mandates and the Whitewash Waiver; (iii) letters of recommendation from the Independent Board Committees to the E-House Independent Shareholders regarding the Share Subscriptions, the JV Acquisition, the Specific Mandates and the Whitewash Waiver; and (iv) the notice of the E-House EGM.

The Share Subscriptions and the JV Acquisition are conditional on the approval by a majority of the votes cast by the E-House Independent Shareholders (either in person or by proxy) at the E-House EGM and on the Whitewash Waiver being granted. The Executive may or may not grant the Whitewash Waiver, and if granted, the Whitewash Waiver will be subject to approval by at least 75% of the votes cast by the E-House Independent Shareholders (either in person or by proxy) at the E-House EGM. In the event that the Whitewash Waiver is not granted or not approved by at least 75% of the votes cast by the E-House Independent Shareholders at the E-House EGM, the Share Subscriptions and the JV Acquisition will not proceed.

E-House Shareholders and potential investors are advised to exercise caution when dealing in Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

ALIBABA SUBSCRIPTION AGREEMENT

On 28 April 2021, E-House and Taobao China entered into the Alibaba Subscription Agreement. The key terms of the Alibaba Subscription Agreement are set out below:

Alibaba Subscription Agreement

Date

28 April 2021

Parties

- (i) E-House, as the issuer; and
- (ii) Taobao China, as the subscriber.

Subscription Shares

Pursuant to the Alibaba Subscription Agreement, Taobao China has conditionally agreed to subscribe for, and E-House has conditionally agreed to allot and issue, a total of 132,000,000 Subscription Shares (representing 7.55% and 5.67% of the issued share capital of E-House as of the date of this announcement and upon completion of the Share Subscriptions and the JV Acquisition, respectively) at the Subscription Price of HK\$7.50 per Subscription Share for a total subscription price of HK\$990 million.

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 the closing price of HK\$7.50 per Share on the trading day immediately prior to the date of the Share Subscription Agreements, a premium of approximately 1.49% to the average of the closing prices of HK\$7.39 per Share as quoted on the Stock Exchange for the last 30 trading days immediately before the date of the Share Subscription Agreements, and a premium of approximately 4.75% to the average of the closing prices of HK\$7.16 per Share as quoted on the Stock Exchange for the last 90 trading days immediately before the date of the Share Subscription Agreements, (ii) the fact that this is an opportunity to enhance Alibaba Holding's strategic investment in E-House Group and further strengthen the relationship between E-House and Alibaba Holding, whilst providing a source of funds to E-House Group, (iii) the future synergies and growth to be derived from the enhanced cooperation with Alibaba Holding and its subsidiaries and the cascading benefits to E-House and its 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 E-House 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 "Acquisition of 85% Interest in the JV" and "Strategic Cooperation" in this announcement for details of the business collaboration with Alibaba Group, including through the JV.

Conditions precedent

Completion of the Alibaba Subscription Agreement is conditional upon the fulfilment (or waiver by Taobao China, as applicable) of the following conditions:

- (a) 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 E-House Group which is material to the E-House Group as a whole in the context of the Alibaba Subscription; or (B) the occurrence of any event or the existence of any circumstance which renders any of the warranties set out in the Alibaba Subscription Agreement untrue to such extent as would adversely affect the listing status of E-House on the Stock Exchange in any material respect;
- (b) (A) a confirmation having been given by the Executive that no obligation will arise for any of Taobao China, Alibaba Investment, Yunfeng, Mr. Zhou, or any party acting in concert with any of them to make a mandatory general offer required to be made pursuant to Rule 26.1 of the Takeovers Code in respect of Shares, as a consequence of the transactions contemplated under the Alibaba Subscription Agreement, the Zhou Subscription Agreement, the Yunfeng Subscription Agreement and the JV Acquisition Agreement, or (B) a Whitewash Waiver having been granted by the Executive in accordance with the Takeovers Code;

- (c) the listing of the Shares not having been revoked and the Shares continuing to be listed on the Stock Exchange before the completion of the Alibaba Subscription (save for any temporary suspension in trading pending the release of this announcement), 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;
- (d) the compliance of any other requirements under the Listing Rules by E-House in relation to the transactions contemplated under the Alibaba Subscription Agreement, save for any requirements in respect of which E-House has applied for, and the Stock Exchange has agreed to grant, a waiver;
- (e) if required by the Listing Rules, the Takeovers Code or other applicable laws, the approval of the following at a general meeting of the E-House Shareholders in accordance with the requirements of the Listing Rules, the Takeovers Code and/or other applicable laws: (A) the Alibaba Subscription Agreement, the Zhou Subscription Agreement, the Yunfeng Subscription Agreement, the JV Acquisition Agreement and the Strategic Cooperation Amendment Agreement, and the transactions contemplated thereunder (excluding the approval of the Share Buy-back pursuant to Rule 2 of the Share Buy-backs Code); (B) the Whitewash Waiver; and (C) any other matters required by the Stock Exchange, the Executive or any applicable laws to be so approved by E-House Shareholders which are necessary for the entering into of the Alibaba Subscription Agreement and/or the performance of any obligations under the Alibaba Subscription Agreement or otherwise to give effect to the Alibaba Subscription. For details of the respective approval thresholds, see section headed “General” of this announcement;
- (f) the listing of, and permission to deal in, all the Subscription Shares issued under the Alibaba Subscription having been granted by the Stock Exchange and such listing and permission not subsequently being revoked prior to the completion of the Alibaba Subscription;
- (g) 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) (the “**Authorisations**”) which are necessary for the entering into of the Alibaba Subscription Agreement and/or the performance of the obligations thereunder or otherwise to give effect to the Alibaba Subscription as required by applicable laws having been granted, received, obtained and completed;
- (h) the Zhou Subscription Agreement having been entered into by the parties thereto, all conditions to completion thereof (other than the condition relating to the conditions to completion under the Alibaba Subscription Agreement having been satisfied or waived) having been satisfied or waived in accordance with its terms, and it not having been amended, varied, terminated, rescinded or cancelled without the prior written consent of Taobao China at any time prior to completion of the Alibaba Subscription;
- (i) the Yunfeng Subscription Agreement having been entered into by the parties thereto, all conditions to completion thereof (other than the condition relating to the conditions to completion under Alibaba Subscription Agreement having been satisfied or waived) having been satisfied or waived in accordance with its terms, and it not having been amended, varied, terminated, rescinded or cancelled without the prior written consent of Taobao China at any time prior to completion of the Alibaba Subscription; and

- (j) the JV Acquisition Agreement having been entered into by the parties thereto, all conditions to completion thereof (other than the condition relating to the conditions to completion under the Alibaba Subscription Agreement having been satisfied or waived) having been satisfied or waived in accordance with its terms, and it not having been terminated, rescinded or cancelled at any time prior to completion of the Alibaba Subscription.

Conditions (a), (c), (g), (h), (i) and (j) may be waived by Taobao China only. The remaining conditions are not waivable by any party. With reference to condition (g), save as disclosed in conditions (b), (e) and (f) and as at the date of this announcement, E-House and Taobao China are not aware of any other requirement for such Authorisations.

If any of the conditions precedent: (i) remains unsatisfied, or has not been waived by Taobao China, on the Alibaba Longstop Date; or (ii) becomes impossible to satisfy on or before the Alibaba Longstop Date and has not been waived within five Business Days of such condition becoming impossible to satisfy (or, if earlier, by the Alibaba Longstop Date), Taobao China may give notice to E-House to terminate the Alibaba Subscription Agreement (other than the surviving provisions). If Taobao China does not give termination notice, the Alibaba Subscription Agreement will not terminate. As such, completion of the Alibaba Subscription Agreement may take place after the Alibaba Longstop Date if the conditions precedent thereunder become satisfied or waived after the Alibaba Longstop Date and Taobao China does not elect to give notice to terminate the Alibaba Subscription Agreement.

Investor Rights

To the extent permitted under applicable laws (including the Listing Rules) and the Articles, Taobao China shall be entitled by notice in writing to E-House to require the nomination of one director of E-House nominated by Taobao China to act as a member of the Strategic Committee of the Board to be established to consider and provide recommendations to the Board on strategic matters relating to the E-House Group (such as issue of equity securities by E-House, material change in business of E-House and material acquisitions or disposals by E-House). Subject to completion of the Alibaba Subscription, E-House has undertaken to use its best endeavours to procure the nomination and the appointment of the relevant individual as a member of the Strategic Committee within ten Business Days after notice of nomination is received. Such right to nominate a member of the Strategic Committee of the Board shall terminate if Taobao China and its affiliates cease to be beneficially interested in or otherwise control 10% or more of the issued share capital of E-House.

Subject to completion of the Alibaba Subscription and to the extent permitted under applicable laws (including the Listing Rules) and the Articles, Taobao China shall be entitled by notice in writing to E-House to require the nomination of one person to act as non-executive director of E-House (which shall be in addition to the non-executive director that Taobao China is entitled to nominate pursuant to the share subscription agreement entered into with E-House as disclosed in E-House's announcement dated 31 July 2020). Such right to nominate an additional non-executive director of E-House shall terminate if Taobao China and its affiliates cease to be beneficially interested in or otherwise control 10% or more of the issued share capital of E-House.

For the avoidance of doubt, as provided in the share subscription agreement entered into between Taobao China and E-House which was disclosed in E-House's announcement dated 31 July 2020, the director nomination right enjoyed by Taobao China under such agreement shall terminate if Taobao China and its affiliates cease to be beneficially interested in or otherwise control 5% or more of the issued share capital of E-House.

The right of nomination and appointment of any director of E-House shall be subject to the provisions of the Articles, the Listing Rules and all other applicable laws being complied with and the qualifications of the candidate(s) meeting the requirements of the Listing Rules.

Lock-up Undertaking

Taobao China undertakes to E-House that it will not, within twelve (12) months after the Closing Date, except with the prior written consent of E-House:

- (a) offer, 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 Subscription Shares issued under the Alibaba Subscription 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 Subscription Shares issued under the Alibaba Subscription; or
- (c) create any encumbrance over, either directly or indirectly, conditionally or unconditionally, any Subscription Shares issued under the Alibaba Subscription or any beneficial or economic interest therein.

Completion of the Alibaba Subscription Agreement

Completion of the Alibaba Subscription Agreement shall take place: (a) on the third Business Day after the satisfaction or waiver of the last in time of the conditions precedent (other than any condition precedent (or any part thereof) that may only be satisfied at completion) or, if later, at the earliest time at which such completion may take place simultaneously with the completion of the Zhou Subscription Agreement, the Yunfeng Subscription Agreement and the JV Acquisition Agreement; or (b) at such other time as may be agreed by the parties in writing.

It is expected that completion of the Alibaba Subscription Agreement will take place simultaneously with the completion of the Zhou Subscription Agreement, the Yunfeng Subscription Agreement and the JV Acquisition Agreement.

ZHOU SUBSCRIPTION AGREEMENT

On 28 April 2021, E-House and the Zhou Subsidiary entered into the Zhou Subscription Agreement. The key terms of the Zhou Subscription Agreement are set out below:

Zhou Subscription Agreement

Date

28 April 2021

Parties

- (i) E-House, as the issuer; and
- (ii) the Zhou Subsidiary, as the subscriber.

As of the date of this announcement, the Zhou Subsidiary and its ultimate beneficial owner, Mr. Zhou, are substantial shareholders and connected persons of E-House.

Subscription Shares

Pursuant to the Zhou Subscription Agreement, the Zhou Subsidiary has conditionally agreed to subscribe for, and E-House has conditionally agreed to allot and issue, a total of 133,333,333 Subscription Shares (representing 7.62% and 5.72% of the issued share capital of E-House as of the date of this announcement and upon completion of the Share Subscriptions and the JV Acquisition, respectively) at the Subscription Price of HK\$7.50 per Subscription Share for a total subscription price of approximately HK\$1,000 million.

Basis of Subscription Price

The Subscription Price was arrived at after arm's length negotiation between the parties with reference to the price to be paid by Taobao China for the Subscription Shares under the Alibaba Subscription Agreement, which was in turn determined based on the factors set out above. The Zhou Subscription is also an opportunity to enhance Mr. Zhou's strategic investment in E-House Group and further strengthen the relationship between E-House and Mr. Zhou, while providing a source of funds to E-House Group.

Conditions precedent

Completion of the Zhou Subscription Agreement is conditional upon the fulfilment (or waiver by E-House or the Zhou Subsidiary, as applicable) of the following conditions:

- (a) the approval of the Zhou Subscription Agreement and the transactions and other arrangement (as necessary) contemplated hereunder, including the allotment and issue of the relevant Subscription Shares and the Whitewash Waiver, by the requisite majority of E-House Shareholders or E-House Independent Shareholders (as appropriate) at the E-House EGM as required under applicable laws (including the Takeovers Code and the Listing Rules);
- (b) approval for the listing of, and permission to deal in, the Subscription Shares to be issued under the Zhou Subscription by the Stock Exchange;
- (c) the warranties given by the Zhou Subsidiary in favour of E-House continuing to be true, accurate and complete in all material respects as of the Closing Date;
- (d) the warranties given by E-House in favour of the Zhou Subsidiary continuing to be true, accurate and complete in all material respects as of the Closing Date;

- (e) the Alibaba Subscription Agreement having been entered into between the parties thereto, and all conditions to completion thereof, having been satisfied or waived in accordance with its terms, and it not having been terminated, rescinded or cancelled at any time prior to the Closing Date; and
- (f) (A) a confirmation having been given by the Executive that no obligation will arise for the Zhou Subsidiary or any party acting in concert with it to make a mandatory general offer required to be made pursuant to Rule 26.1 of the Takeovers Code in respect of Shares, as a consequence of the Zhou Subscription, 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.

Apart from condition (c) (which can be waived by E-House only) and condition (d) (which can be waived by the Zhou Subsidiary only), none of the other conditions are waivable by any party.

If any of the conditions precedent: (i) remained unsatisfied, or has not been waived, on the Zhou Longstop Date; or (ii) becomes impossible to satisfy on or before the Zhou Longstop Date and has not been waived within five Business Days of such condition becoming impossible to satisfy (or, if earlier, by the Zhou Longstop Date), E-House may give notice to Zhou Subsidiary to terminate the Zhou Subscription Agreement (other than the surviving provisions). As such, completion of the Zhou Subscription Agreement may take place after the Zhou Longstop Date if the conditions precedent thereunder become satisfied or waived after the Zhou Longstop Date and E-House does not elect to give notice to terminate the Zhou Subscription Agreement.

Lock-up Undertaking

The Zhou Subsidiary undertakes to E-House that it will not (and will procure that none of its affiliates will), within twelve (12) months after the Closing Date, except with the prior written consent of E-House:

- (a) offer, 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 Subscription Shares issued under the Zhou Subscription 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 Subscription Shares issued under the Zhou Subscription; or
- (c) create any encumbrance over, either directly or indirectly, conditionally or unconditionally, any Subscription Shares issued under the Zhou Subscription or any beneficial or economic interest therein, except for any pledge of such Subscription Shares to a licensed bank or financial institution as security for a bona fide commercial loan.

The restrictions above are without prejudice to the restrictions contained in the equity transfer agreement dated 31 July 2020 between, among others, E-House, Mr. Zhou and the Zhou Subsidiary which were disclosed in E-House's announcement dated 31 July 2020.

Completion of the Zhou Subscription Agreement

Completion of the Zhou Subscription Agreement shall take place: (a) on the third Business Day after the satisfaction or waiver of the last in time of the conditions precedent (other than any condition precedent (or any part thereof) that may only be satisfied at completion) or, if later, at the earliest time at which such completion may take place simultaneously with the completion of the Alibaba Subscription Agreement, the Yunfeng Subscription Agreement and the JV Acquisition Agreement; or (b) at such other time as may be agreed by the parties in writing.

It is expected that completion of the Zhou Subscription Agreement will take place simultaneously with the completion of the Alibaba Subscription Agreement, the Yunfeng Subscription Agreement and the JV Acquisition Agreement.

YUNFENG SUBSCRIPTION AGREEMENT

On 28 April 2021, E-House and Yunfeng entered into the Yunfeng Subscription Agreement. The key terms of the Yunfeng Subscription Agreement are set out below:

Yunfeng Subscription Agreement

Date

28 April 2021

Parties

- (i) E-House, as the issuer; and
- (ii) Yunfeng, as the subscriber.

Subscription Shares

Pursuant to the Yunfeng Subscription Agreement, Yunfeng has conditionally agreed to subscribe for, and E-House has conditionally agreed to allot and issue, a total of 66,666,667 Subscription Shares (representing 3.81% and 2.86% of the issued share capital of E-House as of the date of this announcement and upon completion of the Share Subscriptions and the JV Acquisition, respectively) at the Subscription Price of HK\$7.50 per Subscription Share for a total subscription price of approximately HK\$500 million.

Basis of Subscription Price

The Subscription Price was arrived at after arm's length negotiation between the parties with reference to the price to be paid by Taobao China for the Subscription Shares under the Alibaba Subscription Agreement, which was in turn determined based on the factors set out above. The Yunfeng Subscription is also an opportunity to introduce Yunfeng as a new investor to the E-House Group, while providing a source of funds to E-House Group.

Conditions precedent

Completion of the Yunfeng Subscription Agreement is conditional upon the fulfilment (or waiver by Yunfeng, as applicable) of the following conditions:

- (a) 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 E-House Group which is material to the E-House Group as a whole in the context of the Yunfeng Subscription; or (B) the occurrence of any event or the existence of any circumstance which renders any of the warranties set out in the Yunfeng Subscription Agreement untrue to such extent as would adversely affect the listing status of E-House on the Stock Exchange in any material respect;
- (b) (A) a confirmation having been given by the Executive that no obligation will arise for any of Taobao China, Alibaba Investment, Yunfeng, Mr. Zhou, or any party acting in concert with any of them to make a mandatory general offer required to be made pursuant to Rule 26.1 of the Takeovers Code in respect of Shares, as a consequence of the transactions contemplated under the Yunfeng Subscription Agreement, the Alibaba Subscription Agreement, the Zhou Subscription Agreement and the JV Acquisition Agreement, or (B) a Whitewash Waiver having been granted by the Executive in accordance with the Takeovers Code;
- (c) the listing of the Shares not having been revoked and the Shares continuing to be listed on the Stock Exchange before the completion of the Yunfeng Subscription (save for any temporary suspension in trading pending the release of this announcement), 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;
- (d) the compliance of any other requirements under the Listing Rules by E-House in relation to the transactions contemplated under the Yunfeng Subscription Agreement, save for any requirements in respect of which E-House has applied for, and the Stock Exchange has agreed to grant, a waiver;
- (e) if required by the Listing Rules, the Takeovers Code or other applicable laws, the approval of the following at a general meeting of the E-House Shareholders in accordance with the requirements of the Listing Rules, the Takeovers Code and/or other applicable laws: (A) the Yunfeng Subscription Agreement, the Alibaba Subscription Agreement, the Zhou Subscription Agreement, the JV Acquisition Agreement and the Strategic Cooperation Amendment Agreement, and the transactions contemplated thereunder (excluding approval of the Share Buy-back pursuant to Rule 2 of the Share Buy-backs Code); and (B) any other matters required by the Stock Exchange, the Executive or any applicable laws to be so approved by E-House Shareholders which are necessary for the entering into of the Yunfeng Subscription Agreement and/or the performance of any obligations under the Yunfeng Subscription Agreement or otherwise to give effect to the Yunfeng Subscription;
- (f) the listing of, and permission to deal in, all the Subscription Shares issued under the Yunfeng Subscription having been granted by the Stock Exchange and such listing and permission not subsequently being revoked prior to the completion of the Yunfeng Subscription;

- (g) all the Authorisations which are necessary for the entering into of the Yunfeng Subscription Agreement and/or the performance of the obligations thereunder or otherwise to give effect to the Yunfeng Subscription as required by applicable laws having been granted, received, obtained and completed;
- (h) the Alibaba Subscription Agreement having been entered into by the parties thereto, all conditions to completion thereof (other than the condition relating to the conditions to completion under the Yunfeng Subscription Agreement having been satisfied or waived) having been satisfied or waived in accordance with its terms, and it not having been terminated, rescinded or cancelled at any time prior to completion of the Yunfeng Subscription;
- (i) the Zhou Subscription Agreement having been entered into by the parties thereto, all conditions to completion thereof (other than the condition relating to the conditions to completion under the Yunfeng Subscription Agreement having been satisfied or waived) having been satisfied or waived in accordance with its terms, and it not having been terminated, rescinded or cancelled at any time prior to completion of the Yunfeng Subscription; and
- (j) the JV Acquisition Agreement having been entered into by the parties thereto, all conditions to completion thereof (other than the condition relating to the conditions to completion under the Yunfeng Subscription Agreement having been satisfied or waived) having been satisfied or waived in accordance with its terms, and it not having been terminated, rescinded or cancelled at any time prior to completion of the Yunfeng Subscription.

Conditions (a), (c), (g), (h), (i) and (j) may be waived by Yunfeng only. The remaining conditions are not waivable by any party. With reference to condition (g), save as disclosed in conditions (b), (e) and (f) and as at the date of this announcement, E-House and Yunfeng are not aware of any other requirement for such Authorisations.

If any of the conditions precedent: (i) remains unsatisfied, or has not been waived by Yunfeng, on the Yunfeng Longstop Date; or (ii) becomes impossible to satisfy on or before the Yunfeng Longstop Date and has not been waived within five Business Days of such condition becoming impossible to satisfy (or, if earlier, by the Yunfeng Longstop Date), Yunfeng may give notice to E-House to terminate the Yunfeng Subscription Agreement (other than the surviving provisions). If Yunfeng does not give termination notice, the Yunfeng Subscription Agreement will not terminate. As such, completion of the Yunfeng Subscription Agreement may take place after the Yunfeng Longstop Date if the conditions precedent thereunder become satisfied or waived after the Yunfeng Longstop Date and Yunfeng does not elect to give notice to terminate the Yunfeng Subscription Agreement.

Lock-up Undertaking

Yunfeng undertakes to E-House that it will not, within six (6) months after the Closing Date, except with the prior written consent of E-House:

- (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 Subscription Shares issued under the Yunfeng Subscription 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 Subscription Shares issued under the Yunfeng Subscription; or
- (c) create any encumbrance over, either directly or indirectly, conditionally or unconditionally, any Subscription Shares issued under the Yunfeng Subscription or any beneficial or economic interest therein.

Completion of the Yunfeng Subscription Agreement

Completion of the Yunfeng Subscription Agreement shall take place on: (a) the third Business Day after the satisfaction or waiver of the last in time of the conditions precedent (other than any condition precedent (or any part thereof) that may only be satisfied at completion) or, if later, at the earliest time at which such completion may take place simultaneously with the completion of the Alibaba Subscription Agreement, the Zhou Subscription Agreement and the JV Acquisition Agreement; or (b) at such other time as may be agreed by the parties in writing.

It is expected that completion of the Yunfeng Subscription Agreement will take place simultaneously with the completion of the Alibaba Subscription Agreement, the Zhou Subscription Agreement and the JV Acquisition Agreement.

ACQUISITION OF 85% INTEREST IN THE JV

Overview

On 28 April 2021, E-House and Alibaba Investment entered into the JV Acquisition Agreement pursuant to which E-House agreed to purchase and to procure Fangyou to receive (as transferee), and Alibaba Investment agreed to sell, an 85% equity interest in the JV (the remaining 15% equity interest in the JV is already indirectly held by E-House through Fangyou) for a consideration of HK\$1,860 million, which shall be settled by way of the allotment and issue of the 248,000,000 JV Consideration Shares (representing 14.18% and 10.65% of the issued share capital of E-House as of the date of this announcement and upon completion of the Share Subscriptions and the JV Acquisition, respectively) by E-House to Alibaba Investment.

Upon completion of the JV Acquisition, the JV will become a wholly-owned subsidiary, and its financial results will be consolidated into the accounts, of E-House.

JV Acquisition Agreement

Set out below are the principal terms of the JV Acquisition Agreement:

Date

28 April 2021

Parties

- (i) E-House; and
- (ii) Alibaba Investment.

Sale Interest

Pursuant to JV Acquisition Agreement, E-House conditionally agreed to acquire an 85% equity interest in the JV from Alibaba Investment.

Consideration

The total consideration for the 85% equity interest in the JV will be HK\$1,860 million, which will be settled by way of the allotment and issue of the JV Consideration Shares by E-House to Alibaba Investment. The effective subscription price of HK\$7.50 per Share for the JV Consideration Shares represents the closing price of HK\$7.50 per Share on the trading day immediately prior to the date of the JV Acquisition Agreement, a premium of approximately 1.49% to the average of the closing prices of HK\$7.39 per Share as quoted on the Stock Exchange for the last 30 trading days immediately before the date of the JV Acquisition Agreement, and a premium of approximately 4.75% to the average of the closing prices of HK\$7.16 per Share as quoted on the Stock Exchange for the last 90 trading days immediately before the date of the JV Acquisition Agreement.

Basis of consideration

The consideration for the acquisition of the interest in the JV was determined by way of arm's length negotiations between the parties and by reference to: (i) the exclusive operation right to be enjoyed by the JV to build and operate an online real estate marketing and transaction service platform under the Tmall brand; (ii) Alibaba's extensive experience in building and operating online transaction platforms and the assistance it will provide to the JV including technology, product, data, operation and personnel; (iii) Alibaba's brand, particularly Tmall, that the JV will be able to leverage in promoting the Tmall Haofang platform; (iv) potential synergies to be achieved by combining Alibaba's experience in online operations and E-House's experience in real estate transactions; (v) an assessment of the potential for the JV to establish a leading online real estate marketing and transaction service platform, thereby increasing E-House's transaction volume, revenue and profits; and (vi) technical assistance that Alibaba will provide, under the Strategic Cooperation Amendment Agreement, to E-House to enhance its digital and online marketing capabilities, which will in turn enhance E-House's competitiveness. The effective subscription price for the JV Consideration Shares was based on arm's length negotiation between the parties with reference to the price to be paid by for the Subscription Shares under the Alibaba Subscription Agreement, the Yunfeng Subscription Agreement and the Zhou Subscription Agreement, which was in turn determined based on the factors set out above.

Conditions precedent

Completion of the JV Acquisition Agreement is conditional upon the fulfilment (or waiver by Alibaba Investment, as applicable) of the following conditions:

- (a) 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 E-House Group which is material to the E-House Group as a whole in the context of the JV Acquisition; or (B) the occurrence of any event or the existence of any circumstance which renders any of the warranties set out in the JV Acquisition Agreement untrue to such extent as would adversely affect the listing status of E-House on the Stock Exchange in any material respect;
- (b) (A) a confirmation having been given by the Executive that no obligation will arise for any of Alibaba Investment, Taobao China, Yunfeng, Mr. Zhou, or any party acting in concert with any of them to make a mandatory general offer required to be made pursuant to Rule 26.1 of the Takeovers Code in respect of Shares, as a consequence of the transactions contemplated under the JV Acquisition Agreement, the Zhou Subscription Agreement, the Yunfeng Subscription Agreement and the Alibaba Subscription Agreement, or (B) a Whitewash Waiver having been granted by the Executive in accordance with the Takeovers Code;
- (c) the listing of the Shares not having been revoked and the Shares continuing to be listed on the Stock Exchange before the completion of the JV Acquisition (save for any temporary suspension in trading pending the release of this announcement), 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;
- (d) the compliance of any other requirements under the Listing Rules by E-House in relation to the transactions contemplated under the JV Acquisition Agreement, save for any requirements in respect of which E-House has applied for, and the Stock Exchange has agreed to grant, a waiver;
- (e) if required by the Listing Rules, the Takeovers Code or other applicable laws, the approval of the following at a general meeting of the E-House Shareholders in accordance with the requirements of the Listing Rules, the Takeovers Code and/or other applicable laws: (A) the JV Acquisition Agreement, the Alibaba Subscription Agreement, the Zhou Subscription Agreement, the Yunfeng Subscription Agreement and the Strategic Cooperation Amendment Agreement, and the transactions contemplated thereunder (excluding approval of the Share Buy-back pursuant to Rule 2 of the Share Buy-backs Code); (B) the Whitewash Waiver; and (C) any other matters required by the Stock Exchange, the Executive or any applicable laws to be so approved by E-House Shareholders which are necessary for the entering into of the JV Acquisition Agreement and/or the performance of any obligations under the JV Acquisition Agreement or otherwise to give effect to the JV Acquisition;
- (f) the listing of, and permission to deal in, all the JV Consideration Shares having been granted by the Stock Exchange and such listing and permission not subsequently being revoked prior to the completion of the JV Acquisition;

- (g) all the Authorisations which are necessary for the entering into of the JV Acquisition Agreement and/or the performance of the obligations thereunder or otherwise to give effect to the JV Acquisition as required by applicable laws having been granted, received, obtained and completed;
- (h) the Zhou Subscription Agreement having been entered into by the parties thereto, all conditions to completion thereof (other than the condition relating to the conditions to completion under the JV Acquisition Agreement having been satisfied or waived) having been satisfied or waived in accordance with its terms, and it not having been amended, varied, terminated, rescinded or cancelled without the prior written consent of Alibaba Investment at any time prior to completion of the JV Acquisition;
- (i) the Yunfeng Subscription Agreement having been entered into by the parties thereto, all conditions to completion thereof (other than the condition relating to the conditions to completion under the JV Acquisition Agreement having been satisfied or waived) having been satisfied or waived in accordance with its terms, and it not having been amended, varied, terminated, rescinded or cancelled without the prior written consent of Alibaba Investment at any time prior to completion of the JV Acquisition; and
- (j) the Alibaba Subscription Agreement having been entered into by the parties thereto, all conditions to completion thereof (other than the condition relating to the conditions to completion under the JV Acquisition Agreement having been satisfied or waived) having been satisfied or waived in accordance with its terms, and it not having been terminated, rescinded or cancelled at any time prior to completion of the JV Acquisition.

Conditions (a), (c), (g), (h), (i) and (j) may be waived by Alibaba Investment only. The remaining conditions are not waivable by any party. With reference to the condition (g), save as disclosed in conditions (b), (e) and (f) and as at the date of this announcement, E-House and Alibaba Investment are not aware of any other requirement for such Authorisations.

If any of the conditions precedent: (i) remains unsatisfied, or has not been waived by Alibaba Investment, on the JV Longstop Date; or (ii) becomes impossible to satisfy on or before the JV Longstop Date and has not been waived within five Business Days of such condition becoming impossible to satisfy (or, if earlier, by the JV Longstop Date), Alibaba Investment may give notice to E-House to terminate the JV Acquisition Agreement (other than the surviving provisions). If Alibaba Investment does not give termination notice, the JV Acquisition Agreement will not terminate. As such, completion of the JV Acquisition Agreement may take place after the JV Longstop Date if the conditions precedent thereunder become satisfied or waived after the JV Longstop Date and Alibaba Investment does not elect to give notice to terminate the JV Acquisition Agreement.

In the event that the JV Acquisition does not become unconditional on or before the JV Longstop Date, Alibaba Investment shall have the right to acquire all shares in the JV held indirectly by E-House through Fangyou (representing 15% of the JV's issued share capital) for US\$225,000, being the amount paid up by Fangyou on such shares.

Lock-up Undertaking

Alibaba Investment undertakes to E-House that it will not, within twelve (12) months after the Closing Date, except with the prior written consent of E-House:

- (a) offer, 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 JV Consideration Shares issued under the JV Acquisition 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 JV Consideration Shares issued under the JV Acquisition; or
- (c) create any encumbrance over, either directly or indirectly, conditionally or unconditionally, any JV Consideration Shares issued under the JV Acquisition or any beneficial or economic interest therein.

Completion of the JV Acquisition Agreement

Completion of the JV Acquisition Agreement shall take place: (a) on the third Business Day after the satisfaction or waiver of the last in time of the conditions precedent (other than any condition precedent (or any part thereof) that may only be satisfied at completion) or, if later, at the earliest time at which such completion may take place simultaneously with the completion of the Alibaba Subscription Agreement, the Zhou Subscription Agreement and the Yunfeng Subscription Agreement; or (b) at such other time as may be agreed by the parties in writing.

It is expected that completion of the JV Acquisition Agreement will take place simultaneously with the completion of the Alibaba Subscription Agreement, the Zhou Subscription Agreement and the Yunfeng Subscription Agreement.

Information on the JV

The JV was incorporated on 29 January 2021 for the purpose of developing the Tmall Haofang online real estate marketing and transaction platform through Tianji Haofang, an indirect wholly-owned subsidiary of the JV. The JV was jointly established by Fangyou and Alibaba Investment with a paid up share capital of US\$1,500,000, which is owned as to 85% by Alibaba Investment and 15% by Fangyou. The JV (through Tianji Haofang) has the exclusive right to operate the Tmall Haofang online real estate marketing and transaction platform.

Fangyou and Alibaba Investment agreed that the JV shall develop software system products relating to the Tmall Haofang business, including an online real estate marketing platform and a digital full-link trading platform that connect home buyers, real estate companies, and the upstream and downstream ecosystems of the real estate market. The parties also agreed that the JV would engage in the research and development of real estate-related financial products.

Fangyou and Alibaba Investment also agreed to certain transitional arrangements in respect of the JV prior to completion of the JV Acquisition, including that Tianji Haofang shall have a board of directors comprised of three, two of whom shall be persons appointed by Alibaba Investment and the third of whom shall be Mr. Zhou.

In addition, Tianji Haofang entered into a framework agreement with Tmall Network on 28 April 2021, pursuant to which the JV agreed to purchase advertising and other promotional products and services on Tmall and other marketing platforms operated by the Alibaba Group for no less than RMB1 billion in aggregate during a fixed period of three years starting from the date of such framework agreement (the “**Marketing and Promotional Services Agreement**”).

The JV is a newly established entity and has not yet commenced substantive business operations, other than the entry into of the agreements described under the heading “Strategic Cooperation” below and some preliminary planning activities. Based on the JV’s unaudited management accounts, its net asset value as at the date immediately prior to the date of the JV Acquisition Agreement was US\$1,500,000 and it had yet to commence any substantive operations.

Reasons for and benefits of the JV Acquisition

E-House 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 E-House’s announcement of its annual results for the year ended 31 December 2020, E-House is determined to lead the emerging “technology-enabled and smart services-based” real estate industry, and strive to serve a number of developers, intermediaries and asset owners. In relation to real estate agency services in the primary market, E-House will shift from pursuing high-speed growth to high-quality growth by consolidating premium resources, services and projects, and by deploying ‘smart services’ to achieve better quality and efficiency. In relation to real estate brokerage network services, E-House will continue to enhance its technology-driven management so that innovative technologies and premium services can be employed to expand its market share. In relation to real estate market data and consulting services, E-House will continue to focus on real estate big data, not only to support property developers, but to empower and serve the wider real estate industry. E-House commenced implementing this strategy when it announced on 31 July 2020 that it formed a strategic partnership with Alibaba China whereby both parties would engage in in-depth cooperation in areas including offline-online real estate transactions, digital marketing and post-transaction related services to move the real estate service industry toward a soundly digitalised and smart future. Pursuant to this, the two parties, through their respective affiliates, Fangyou and Alibaba Investment, cooperated to establish the JV through which the parties would develop a real estate online marketing platform and digital transaction channels.

The JV Acquisition would provide E-House with the exclusive right to build and operate, with assistance from the Alibaba Group, a leading online real estate marketing and transaction service platform under the Tmall brand, complement E-House’s existing businesses, and increase the overall real estate transaction volume that E-House facilitates. Given E-House’s extensive knowledge and experience in the real estate transaction services, acquiring the JV and making E-House the primary operator of the Tmall Haofang platform would offer the platform the best chance for success and achieve the most synergy with E-House’s existing operations.

FURTHER INFORMATION ABOUT THE SHARE SUBSCRIPTIONS, SPECIFIC MANDATES, AND USE OF PROCEEDS

Reasons for and benefits of the Share Subscriptions

The Alibaba Subscription demonstrates Alibaba's confidence in and commitment to E-House's success, is expected to enhance the Alibaba Group's strategic investment in the E-House Group and further strengthen the relationship between E-House and the Alibaba Group, and strengthen E-House's capital base by raising additional funds for the E-House Group. Moreover, the E-House directors believe that the Alibaba Group will be able to support the E-House Group in the implementation of its business strategy and to further penetrate the market in China and widen the E-House Group's coverage, visibility and access to customers.

The Zhou Subscription is expected to enhance Mr. Zhou's position as the leader and a major E-House Shareholder and further strength Mr. Zhou's interest and investment in E-House. It represents Mr. Zhou's support and confidence in the future long-term development and growth prospects of E-House and further aligns Mr. Zhou's interests, as an E-House Shareholder, with that of E-House.

The Yunfeng Subscription demonstrates Yunfeng's confidence in E-House and is an opportunity to introduce Yunfeng as a new investor to E-House and strengthen E-House's capital base by raising additional funds for the E-House Group.

As previously articulated, E-House 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, E-House 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, E-House 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, E-House 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 (excluding the members of the Independent Board Committees) has, after due and careful consideration, determined that the Share Subscriptions are an appropriate means by which E-House can increase its capital base and provide additional funds to support its ongoing business development. The E-House Group foresees future synergies and growth to be derived by the E-House Group from the enhanced cooperation with the Alibaba Group and further investment by Mr. Zhou and Yunfeng and the cascading benefits to the E-House Group's businesses in the long run, including through the proposed collaboration in offline-online real estate transactions, digital marketing and post-transaction services.

Issue of Subscription Shares and JV Consideration Shares under Specific Mandates

The 332,000,000 Subscription Shares represent: (i) approximately 18.98% of the issued share capital of E-House as at the date of this announcement; (ii) approximately 15.95% of the issued share capital of E-House as enlarged by the Subscription Shares (assuming there will be no change in the total number of issued Shares of E-House after the date of this announcement other than the allotment and issue of the Subscription Shares); (iii) approximately 14.25% of the issued share capital of E-House as enlarged by the Subscription Shares and the JV Consideration Shares (assuming there will be no change in the total number of issued Shares of E-House after the date of this announcement other than the allotment and issue of the Subscription Shares and the JV Consideration Shares). The aggregate par value of the Subscription Shares amounts to US\$33,200.

The 248,000,000 JV Consideration Shares represent: (i) approximately 14.18% of the issued share capital of E-House as at the date of this announcement; (ii) approximately 12.42% of the issued share capital of E-House as enlarged by the JV Consideration Shares (assuming there will be no change in the total number of issued Shares of E-House after the date of this announcement other than the allotment and issue of the JV Consideration Shares); (iii) approximately 10.65% of the issued share capital of E-House as enlarged by the Subscription Shares and the JV Consideration Shares (assuming there will be no change in the total number of issued Shares of E-House after the date of this announcement other than the allotment and issue of the Subscription Shares and the JV Consideration Shares). The aggregate par value of the JV Consideration Shares amounts to US\$24,800.

The Subscription Shares will be allotted and issued pursuant to the Alibaba Specific Mandate, the Zhou Specific Mandate and the Yunfeng Specific Mandate and the JV Consideration Shares will be allotted and issued pursuant to the JV Consideration Mandate, in each case to be obtained from the E-House Independent Shareholders at the E-House EGM. The Subscription Shares and the JV 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.

The Subscription Price of HK\$7.50 per Subscription Share represents:

- (i) a discount of approximately 6.48% to the closing price of HK\$8.02 per Share as quoted on the Stock Exchange as of the date of this announcement;
- (ii) no discount or premium to the closing price of HK\$7.50 per Share as quoted on the Stock Exchange on the last trading day immediately before the date of the Share Subscription Agreements;
- (iii) a discount of approximately 0.13% to the average of the closing prices of HK\$7.51 per Share as quoted on the Stock Exchange for the last five trading days immediately before the date of the Share Subscription Agreements;
- (iv) a discount of approximately 0.40% to the average of the closing prices of HK\$7.53 per Share as quoted on the Stock Exchange for the last ten trading days immediately before the date of the Share Subscription Agreements; and
- (v) a discount of approximately 4.58% to the audited consolidated net asset value per Share of E-House of approximately RMB6.57 (equivalent to approximately HK\$7.86) as at 31 December 2020.

Use of proceeds of the Share Subscriptions

The gross proceeds from the Share Subscriptions amount to HK\$2,490 million. E-House intends to apply the net proceeds for the Share Subscriptions (after deduction of legal, professional and other costs and expenses associated with the Share Subscriptions) towards the E-House Group's general working capital and to invest in the new Tmall Haofang platform.

SHAREHOLDERS' AGREEMENT

E-House understands that the Zhou Parties and Taobao China are expected to enter into a Shareholders' Agreement upon the completion of the Share Subscriptions and JV Acquisition to, among other things, regulate their relationship with each other in respect of their interests in E-House and certain aspects of the affairs of E-House. Upon the entry into the Shareholders' Agreement, Zhou Parties and Taobao China will become parties acting in concert. The Shareholders' Agreement is expected to contain terms relating to, among other things:

- (a) subject to the requirements under the Listing Rules, the Zhou Parties' obligations to procure that a maximum of two non-executive directors (or, where Taobao China and its affiliates are beneficially interested in or otherwise control less than 10% of the issued share capital of E-House, one non-executive director) and, subject further to the conversion right attached to the HK\$1,031,900,000 2% convertible note due 2023 issued by E-House having been exercised in full, one independent non-executive director, nominated by Taobao China shall be appointed to the Board;
- (b) subject to compliance with the Listing Rules, the Zhou Parties' obligations to exercise rights available to it to procure that certain reserved matters, such as issuing new securities or convertible rights by E-House, material changes to E-House's current business and entering into any transaction which constitutes a notifiable transaction (other than a share transaction) of E-House under the Listing Rules, shall not be implemented unless Taobao China's prior approval has been obtained;
- (c) subject to compliance with the Listing Rules, and subject further to Taobao China and its affiliates being beneficially interested in or otherwise control 10% or more of the issued share capital of E-House, the Zhou Parties' obligations to establish a Strategic Committee, comprising one director nominated by the Zhou Parties and one director nominated by Taobao China, to advise the Board;
- (d) restrictions on dealing in Shares by the Zhou Parties and Taobao China; and
- (e) the Zhou Parties' undertakings not to be engaged in any business which competes with the business of the JV or to solicit users away from the Tmall Haofang platform.

If Taobao China and its affiliates cease to be interested in 5% or more of the issued share capital of E-House, the Shareholders' Agreement will automatically terminate.

STRATEGIC COOPERATION

Strategic Cooperation Amendment Agreement

On 28 April 2021, E-House and Alibaba China entered into the Strategic Cooperation Amendment Agreement which amended and restated the terms of the Prior Cooperation Agreement and under which Alibaba China agreed to cause to be granted to Tianji Haofang (an indirect wholly-owned subsidiary of the JV) the exclusive right to develop and operate a Tmall Haofang (天貓好房) branded online real estate marketing and transaction service platform, to cause to be licensed to Tianji Haofang Tmall-related intellectual property rights, and to cause to be provided to E-House technical, product, data and operational support to enhance its digital and online marketing capabilities. E-House has also undertaken to Alibaba China that E-House will ensure that Tianji Haofang will comply with its obligations under the Marketing and Promotional Services Agreement.

Under the terms of the Strategic Cooperation Amendment Agreement, subject to completion of the JV Acquisition having taken place, in the event that (a) Mr. Zhou (together with entities controlled by Mr. Zhou) is no longer the single largest E-House Shareholder (without taking into account the Alibaba Group's shareholding in E-House); or (b) Alibaba China becomes entitled to exercise its right to terminate the Strategic Cooperation Amendment Agreement as a result of the termination event (c) or (d) as set out below or by operation of law, then Alibaba China, or its designated affiliated party, will have the right to purchase 100% of the equity interest in the JV (the "**Repurchase Option**"), which will effectively unwind the JV Acquisition and E-House's investment into 15% equity interest in the JV. The consideration for the exercise of the Repurchase Option shall be the delivery by Alibaba China or any of its affiliated parties (including Alibaba Investment) to E-House (or as directed by E-House) of a number of Shares (subject to adjustment in the event of any share consolidation or subdivision after the date of the Strategic Cooperation Amendment Agreement) which is equal to the number of JV Consideration Shares. The Share Buy-back by E-House in the event that the Repurchase Option is exercised will constitute an off-market share buy-back for the purposes of Rule 2 of the Share Buy-backs Code. Upon the exercise of the Repurchase Option, parties to the Share Buy-back will comply with the requirements under the Takeovers Code and Share Buy-backs Code.

Pursuant to the terms of the Strategic Cooperation Amendment Agreement, Alibaba China (or, in the case of (c) below, the non-defaulting party) shall have the right to terminate the Strategic Cooperation Amendment Agreement upon the occurrence of any of the following events:

- (a) the conditions to completion of the JV Acquisition Agreement have not been satisfied or waived (as the case may be) on or before the JV Longstop Date;
- (b) the Repurchase Option has been exercised by Alibaba China;
- (c) a material breach has been committed by a party to the Strategic Cooperation Amendment Agreement which has not been remedied by the defaulting party within 15 days after receiving notice from the non-defaulting party; and
- (d) any agreement between JV or any of its subsidiaries and Alibaba Group from time to time that has a material impact to the operation of the Tmall Haofang platform has been terminated in accordance with its terms or by operation of law.

INFORMATION ON THE PARTIES

E-House

E-House 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.

Alibaba Parties

Taobao China is a company incorporated in Hong Kong with limited liability, and is an indirect wholly-owned subsidiary of Alibaba Holding.

Alibaba Investment is a company incorporated in the British Virgin Islands with limited liability, and is a directly wholly-owned subsidiary of Alibaba Holding.

Alibaba Holding is a company incorporated in the Cayman Islands and its American depository shares, each representing eight ordinary shares, are listed on the New York Stock Exchange, stock symbol BABA, and its ordinary shares are listed on the Main Board of the Stock Exchange, stock code 9988. As at the date of this announcement, the substantial shareholder (as defined in the Takeovers Code) of Alibaba Holding is SoftBank Group Corp., a company listed on the Tokyo Stock Exchange (holding approximately 24.9% of the issued shares of Alibaba Holding).

Following completion of the Alibaba Subscription and the JV Acquisition, Alibaba Holding will become a substantial shareholder and connected person of E-House, and each of the Alibaba Parties (as an associate of Alibaba Holding) will become a connected person of E-House.

Zhou Parties

Mr. Zhou is an executive director and a substantial shareholder of E-House, and thus a connected person of E-House. Each of the Zhou Parties is an associate of Mr. Zhou and a connected person of E-House.

Yunfeng

YF Ehouse Limited is a company established under the laws of British Virgin Islands, a wholly-owned subsidiary of Yunfeng Fund IV, L.P., which is managed by its investment advisor, YF Capital. Yunfeng Fund IV, L.P. is a limited partnership with its general partner being Yunfeng Investment IV, Ltd and its limited partners including leading sovereign wealth funds, endowments, pensions, financial institutions and family offices.

YF Capital is a leading private equity firm in China founded in 2010. YF Capital has formed deep sector expertise and industry insights in certain focused sectors, including internet, technology, healthcare, entertainment, consumer, finance and logistics. YF Capital is committed to creating financial, operational and strategic value for its portfolio companies by assisting in designing strategies, improving operations, enhancing corporate governance, building brand value and acquiring business resources.

As at the date of this announcement, each of: (a) Alibaba Holding (through its subsidiaries); and (b) funds managed by YF Capital is/are interested in 20% or more of the issued shares of IK Healthcare Holdings Limited, a company incorporated under the laws of the Cayman Islands. As such, the Alibaba Parties and Yunfeng are presumed to be acting in concert by virtue of class (1) of the presumptions under the definition of “acting in concert” in the Takeovers Code.

INFORMATION ON THE E-HOUSE GROUP

Set out below is certain selected financial information of the E-House Group based on its audited combined financial statements for the two years ended 31 December 2019 and 2020, which has been prepared in accordance with International Financial Reporting Standards.

	For the year ended 31 December 2019 <i>in RMB'000</i>	For the year ended 31 December 2020 <i>in RMB'000</i>
Net asset value	8,064,248	11,493,651
Net profit before tax	1,309,317	691,593
Net profit after tax	970,713	439,222

SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of E-House: (a) as at the date of this announcement; (b) immediately after the allotment and issue of the Subscription Shares and JV Consideration Shares; (c) immediately after the allotment and issue of the Subscription Shares, JV Consideration Shares and Conversion Shares; and (d) immediately after the allotment and issue of the Subscription Shares, JV Consideration Shares, Conversion Shares and Option Shares. The Share Subscriptions and JV Acquisition are expected to be completed simultaneously and, accordingly, the shareholding structure of E-House in any scenario in which one or more, but not all, of the Share Subscriptions and JV Acquisition is/are completed has not been set out below. If the Share Subscriptions and JV Acquisition are not completed simultaneously, E-House will issue an announcement to set out the effect on the shareholding structure of E-House and the implications under the Listing Rules and Takeovers Code.

Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Subscription Shares and JV Consideration Shares in full		Immediately after the allotment and issue of the Subscription Shares, JV Consideration Shares and Conversion Shares in full		Immediately after the allotment and issue of the Subscription Shares, JV Consideration Shares, Conversion Shares and Option Shares in full	
	Number of shares	Approximate %	Number of shares	Approximate %	Number of shares	Approximate %	Number of shares	Approximate %
Zhou Parties⁽²⁾:								
– E-House Holdings ⁽²⁾	146,918,440	8.40	280,251,773	12.03	280,251,773	11.54	280,251,773	11.38
– CRE Corp ⁽²⁾	228,920,000	13.09	228,920,000	9.83	228,920,000	9.43	228,920,000	9.29
– Regal Ace ⁽²⁾	2,775,059	0.16	2,775,059	0.12	2,775,059	0.11	2,775,059	0.11
– On Chance ⁽²⁾	20,000,000	1.14	20,000,000	0.86	20,000,000	0.82	20,000,000	0.81
– Mr. Zhou ⁽³⁾	–	–	–	–	–	–	14,460,000	0.59
Sub-total of Zhou Parties	398,613,499	22.79	531,946,832	22.84	531,946,832	21.90	546,406,832	22.18

Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Subscription Shares and JV Consideration Shares in full		Immediately after the allotment and issue of the Subscription Shares, JV Consideration Shares and Conversion Shares in full		Immediately after the allotment and issue of the Subscription Shares, JV Consideration Shares, Conversion Shares and Option Shares in full	
	Number of shares	Approximate %	Number of shares	Approximate %	Number of shares	Approximate %	Number of shares	Approximate %
Other E-House directors⁽³⁾								
- Mr. Huang Canhao	-	-	-	-	-	-	9,600,000	0.39
- Dr. Ding Zuyu	-	-	-	-	-	-	9,600,000	0.39
- Dr. Cheng Li-Lan	-	-	-	-	-	-	1,446,000	0.06
Sub-total of other E-House directors	-	-	-	-	-	-	20,646,000	0.84
Alibaba Group⁽⁴⁾								
- Alibaba.com Hong Kong Limited	-	-	-	-	99,508,197	4.10	99,508,197	4.04
- Taobao China	145,588,000	8.32	277,588,000	11.92	277,588,000	11.43	277,588,000	11.27
- Alibaba Investment	-	-	248,000,000	10.65	248,000,000	10.21	248,000,000	10.07
Sub-total of Alibaba Group	145,588,000	8.32	525,588,000	22.57	625,096,197	25.74	625,096,197	25.37
Yunfeng	-	-	66,666,667	2.86	66,666,667	2.75	66,666,667	2.71
Sub-total of Zhou Parties, other E-House directors, Alibaba Group and Yunfeng	544,201,499	31.11	1,124,201,499	48.27	1,223,709,696	50.39	1,258,815,696	51.10
E-House Independent Shareholders	1,204,858,031	68.89	1,204,858,031	51.73	1,204,858,031	49.61	1,204,858,031	48.90
Total	1,749,059,530	100.00	2,329,059,530	100.00	2,428,567,727	100.00	2,463,673,727	100.00

Notes:

- (1) The figures above assume that other than the Subscription Shares, JV Consideration Shares, the Conversion Shares and Option Shares, no further Shares are issued or bought-back by E-House, and no Shares are sold or purchased by any E-House Shareholder (including Mr. Zhou, the Alibaba Group, 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 Subscription Shares and the JV Consideration Shares. The percentage figures included in this table are subject to rounding adjustment.
- (2) These 398,613,499 Shares are held as to 146,918,440 Shares by E-House Holdings, 228,920,000 Shares by CRE Corp, 2,775,059 Shares by Regal Ace and 20,000,000 Shares by On Chance, respectively, and excluding 14,460,000 Shares to be issued upon exercise of options granted to Mr. Zhou under the Pre-IPO Share Option Scheme (as detailed in the E-House prospectus dated 10 July 2018). 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 Investment Limited (“**Jun Heng**”), and 52.22% by Mr. Zhou. Jun Heng is wholly-owned by On Chance which is in turn wholly-owned by Mr. Zhou. Regal Ace is wholly-owned by Mr. Zhou. The 228,920,000 Shares held by CRE Corp were pledged in favour of Shanghai Pudong Development Bank Co., Ltd. (“**SPD Bank**”) as security for a term loan facility granted by SPD Bank to E-House Holdings. Please refer to the announcement of E-House dated 6 September 2018 for further details.
- (3) These Shares represent the Shares to be issued to the directors of E-House upon their exercise of options granted under the Pre-IPO Share Option Scheme (as detailed in the E-House prospectus dated 10 July 2018). As at the date of this announcement, no other director of E-House (apart from Mr. Zhou) holds any Shares or share options of E-House. If any of Mr. Huang Cunhao, Dr. Ding Zuyu and Dr. Cheng Li-Lan, being a director of E-House, exercises his/her options under the Pre-IPO Share Option Scheme (as detailed in the E-House prospectus dated 10 July 2018), (i) he/she will be presumed to be acting in concert with the Zhou Parties by virtue of class (6) of the presumptions under the definition of “acting in concert” in the Takeovers Code, and (ii) he/she shall abstain from voting on the resolutions outlined below to be put forth at the E-House EGM.
- (4) Taobao China, Alibaba Investment and Alibaba.com Hong Kong Limited are each a wholly-owned subsidiary of Alibaba Holding. Pursuant to a note subscription agreement entered into between E-House and Alibaba.com Hong Kong Limited on 31 July 2020, E-House may allot and issue 99,508,197 Shares (subject to adjustment) to Alibaba.com Hong Kong Limited (being the Conversion Shares). See the announcement dated 31 July 2020 and the circular dated 14 October 2020, issued by E-House, for more information on the note subscription agreement and the convertible note thereunder. If the conversion right under such convertible note is exercised, the issue of the Conversion Shares to Alibaba.com Hong Kong Limited is expected to increase the aggregate shareholding of the Zhou Parties and the Alibaba Parties by 2% or more and give rise to an obligation on the part of Alibaba.com Hong Kong Limited to make a mandatory general offer in respect of the Shares and other securities of E-House, unless a whitewash waiver is granted by the Executive in respect of such issue.

EQUITY FUND RAISING ACTIVITIES IN LAST 12 MONTHS

Within the past 12 months immediately preceding the date of this announcement, E-House completed a share issuance to Taobao China and the issuance of a convertible note to Alibaba.com Hong Kong Limited. Please see the announcements dated 31 July 2020 and 4 November 2020, and the circular dated 14 October 2020, issued by E-House, for more information. Aside from this transaction, E-House has not undertaken any equity fund-raising exercise in the 12 months immediately preceding the date of this announcement.

LISTING RULES IMPLICATIONS FOR E-HOUSE

Connected Transactions

Zhou Subscription

Mr. Zhou, is a substantial shareholder and director of E-House, and each of the Zhou Parties is an associates of Mr. Zhou, and as such, the Zhou Subscription is a connected transaction of E-House. As the highest applicable percentage ratio is more than 5%, the Zhou Subscription is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Transactions contemplated under the Marketing and Promotional Services Agreement

Upon completion of the JV Acquisition, the JV will become a wholly-owned subsidiary of E-House, and as such, the continuing transaction contemplated under the Marketing and Promotional Services Agreement will become a continuing connected transaction of E-House under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.60 of the Listing Rules: (a) given that the E-House Group intends to continue to conduct such continuing transaction after completion of the JV Acquisition, E-House is required to comply with the annual review and disclosure requirements in respect of the continuing transaction contemplated under the Marketing and Promotional Services Agreement; and (b) when the Marketing and Promotional Services Agreement is renewed or its terms are varied, E-House will be required to comply with the applicable requirements under Chapter 14A of the Listing Rules.

Discloseable Transactions

With respect to each of the JV Acquisition and the grant of the Repurchase Option, the highest applicable percentage ratio is more than 5% but less than 25%, and as such, the JV Acquisition and the grant of the Repurchase Option (which is classified as if it had been exercised since it is an option not exercisable at the discretion of E-House) each constitutes a discloseable transaction for E-House under Chapter 14 of the Listing Rules.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND THE SHARE BUY-BACKS CODE

As at the date of this announcement, each of: (a) Alibaba Holding (through its subsidiaries); and (b) funds managed by YF Capital is/are interested in 20% or more of the issued shares of IK Healthcare Holdings Limited, a company incorporated under the laws of the Cayman Islands. As such, the Alibaba Parties and Yunfeng are presumed to be acting in concert by virtue of class (1) of the presumptions under the definition of “acting in concert” in the Takeovers Code.

As at the date of this announcement, the Zhou Parties are interested in 20% or more of the issued Shares. Following the Alibaba Subscription and the JV Acquisition, the Alibaba Parties will be interested in 20% or more of the issued Shares and accordingly, the Zhou Parties and the Alibaba Parties will be presumed to be acting in concert by virtue of class (1) of the presumptions under the definition of “acting in concert” in the Takeovers Code with respect to their interests in E-House for the purposes of the Takeovers Code.

Upon completion of the Share Subscriptions and the JV Acquisition, the aggregate shareholding of the Zhou Parties, the Alibaba Parties and Yunfeng will exceed 30%. Under Rule 26.1 of the Takeovers Code, the Share Subscriptions and the JV Acquisition will, if consummated, trigger an obligation on the part of the Zhou Parties, the Alibaba Parties and Yunfeng to make a mandatory general offer for all the issued Shares and other securities of E-House (other than those already owned or agreed to be acquired by the Zhou Parties, the Alibaba Parties and Yunfeng), unless the Whitewash Waiver is granted by the Executive. An application will be made to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the E-House Independent Shareholders at the E-House EGM by way of poll.

The Share Buy-back will constitute an off-market share buy-back by E-House under the Share Buy-backs Code. In the event that the Repurchase Option is proposed to be exercised, E-House will make an application to the Executive for approval for the Share Buy-back pursuant to Rule 2 of the Share Buy-backs Code. Currently, under the Share Buybacks Code, the Executive’s approval, if granted, will normally be conditional upon, among other things, approval of the Share Buy-back by at least 75% of the votes cast on a poll by disinterested shareholders in attendance in person or by proxy at a general meeting of the E-House Shareholders.

THE WHITEWASH WAIVER

An application will be made by the Zhou Subsidiary, the Alibaba Parties and Yunfeng to the Executive for the granting of the Whitewash Waiver. As obtaining the Whitewash Waiver is one of the conditions precedent to each of the Share Subscription Agreements and the JV Acquisition Agreement and such condition may not be waived by any party, the Share Subscriptions and the JV Acquisition will not proceed if the Whitewash Waiver is not granted by the Executive, or is not approved by the E-House Independent Shareholders.

As at the date of this announcement:

- (a) E-House does not believe that the Share Subscriptions or the JV Acquisition give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, E-House will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the whitewash circular. E-House notes that the Executive may not grant the Whitewash Waiver if the Share Subscriptions or the JV Acquisition do not comply with other applicable rules and regulations;
- (b) save as set out in the shareholding structure table in this announcement, none of the Zhou Subsidiary, the Alibaba Parties and Yunfeng and their respective concert parties holds, owns, controls or has direction over any Shares, outstanding options, warrants or any securities that are convertible into Shares or any derivatives in respect of the securities of E-House, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in E-House;
- (c) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in E-House that any of the Zhou Subsidiary, the Alibaba Parties and Yunfeng and their respective concert parties has borrowed or lent;
- (d) none of the Zhou Subsidiary, the Alibaba Parties and Yunfeng and their respective concert parties has received any irrevocable commitment to vote for or against the proposed resolutions approving the Share Subscriptions, the JV Acquisition or the Whitewash Waiver at the E-House EGM;
- (e) there is no arrangement (whether by way of option, indemnity or otherwise) as referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in E-House or any of the Zhou Subsidiary, the Alibaba Parties and Yunfeng that might be material to the Share Subscriptions, the JV Acquisition or the Whitewash Waiver, with any other persons;
- (f) there is no arrangement or agreement to which any of the Zhou Subsidiary, the Alibaba Parties and Yunfeng is a party that relates to the circumstances in which such parties may or may not invoke or seek to invoke a pre-condition or a condition to the Share Subscriptions, the JV Acquisition or the Whitewash Waiver; and
- (g) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any E-House Shareholder, and (ii)(a) any of the Zhou Subsidiary, the Alibaba Parties and Yunfeng and their respective concert parties or (b) E-House, its subsidiaries or associated companies.

Save for the completion of (a) the subscriptions of Shares as disclosed in E-House's announcements dated 31 July 2020 and 4 November 2020 by Taobao China and the Zhou Parties (as defined in the announcement dated 31 July 2020) and (b) the subscription for the convertible note by Alibaba.com Hong Kong Limited (as disclosed in the announcement dated 31 July 2020), none of the Zhou Subsidiary, the Alibaba Parties and Yunfeng and their respective concert parties has dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in E-House during the period commencing on the date falling six months preceding the date of this announcement, up to and including the date of this announcement, but subsequent to the commencement of negotiations or discussions on the Share Subscriptions and the JV Acquisition between E-House and each of the Zhou Subsidiary, the Alibaba Parties and Yunfeng.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEES AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.8 of the Takeovers Code, the Code Independent Board Committee, comprising Mr. Li Silong, Mr. Zhang Hai, Ms. Xie Mei, Mr. Huang Haojun, Mr. Zhang Bang, Mr. Zhu Hongchao, Mr. Wang Liqun, and Mr. Li Jin, being all the non-executive and independent non-executive directors of E-House, has been established to advise the E-House Independent Shareholders in relation to the Share Subscriptions, the JV Acquisition, the Specific Mandates and the Whitewash Waiver.

The Listing Rules Independent Board Committee comprising Mr. Zhang Bang, Mr. Zhu Hongchao, Mr. Wang Liqun, and Mr. Li Jin, being all the independent non-executive directors of E-House, has also been established to advise the E-House Independent Shareholders in relation to the Zhou Subscription and the Zhou Specific Mandate in accordance with Chapter 14A of the Listing Rules.

The Independent Financial Adviser will be appointed to advise the Code Independent Board Committee, the Listing Rules Independent Board Committee and the E-House Independent Shareholders in this regard.

E-House expects to despatch a circular on or before 19 May 2021 and in accordance with the Listing Rules and the Takeovers Code containing, among others: (i) details of the Share Subscriptions, the JV Acquisition, the Specific Mandates and the Whitewash Waiver; (ii) a letter of advice from the Independent Financial Adviser to the Independent Board Committees and the E-House Independent Shareholders regarding the Share Subscriptions, the JV Acquisition, the Specific Mandates and the Whitewash Waiver; (iii) letters of recommendation from the Independent Board Committees to the E-House Independent Shareholders regarding the Share Subscriptions, the JV Acquisition, the Specific Mandates and the Whitewash Waiver; and (iv) the notice of the E-House EGM.

E-HOUSE EGM

The E-House EGM will be convened and held for the E-House Independent Shareholders to consider and approve, among other matters if applicable: (i) the Share Subscriptions; (ii) the issue of the Subscription Shares to Taobao China pursuant to the Alibaba Specific Mandate; (iii) the issue of the Subscription Shares to the Zhou Subsidiary pursuant to the Zhou Specific Mandate; (iv) the issue of the Subscription Shares to Yunfeng pursuant to the Yunfeng Specific Mandate; (v) the JV Acquisition and the issue of the JV Consideration Shares to Alibaba Investment pursuant to the JV Consideration Mandate; and (vi) the Whitewash Waiver.

Mr. Zhou and the Zhou Subsidiary are parties to the Zhou Subscription and therefore have a material interest in the transactions. Therefore, Mr. Zhou and the Zhou Subsidiary and parties acting in concert with, and associates of, them that are E-House Shareholders will abstain from voting on the resolutions outlined above to be put forth at the E-House EGM.

Taobao China and Alibaba Investment are parties to the Alibaba Subscription and the JV Acquisition, and therefore have a material interest in the transactions. Therefore, Taobao China and Alibaba Investment and parties acting in concert with, and associates of, them that are E-House Shareholders will abstain from voting on the resolutions outlined above to be put forth at the E-House EGM.

Yunfeng is a party to the Yunfeng Subscription (and are presumed to be acting in concert with the Alibaba Parties) and therefore have a material interest in the transactions. Therefore, Yunfeng and parties acting in concert with, and associates of, it that are E-House Shareholders will abstain from voting on the resolutions outlined above to be put forth at the E-House EGM.

Save as disclosed above and to the best knowledge of the E-House directors, as at the date of this announcement, no other E-House Shareholder has a material interest in or is otherwise interested in or involved in the Share Subscriptions, the JV Acquisition, the Specific Mandates or the Whitewash Waiver, and therefore, no other E-House Shareholder is required to abstain from voting on resolutions in relation to these matters at the E-House EGM.

GENERAL

The directors of E-House (excluding the non-executive directors and independent non-executive directors of E-House, whose view will be given after considering the advice of the Independent Financial Adviser, and Mr. Zhou who has abstained) have considered the Share Subscription Agreements, the JV Acquisition Agreement, the terms relating to the Repurchase Option, and the transactions contemplated thereunder, and have determined that such agreements, terms and transactions are: (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary course of business of the E-House Group; and (iii) in the interests of E-House and E-House Shareholders as a whole.

An application will be made by E-House to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares and the JV Consideration Shares.

The directors, including the independent non-executive directors, of E-House have reviewed the transaction contemplated under the Marketing and Promotional Services Agreement and are of the view that such transaction: (i) is fair and reasonable; (ii) is on normal commercial terms or better and in the ordinary course of business of Tianji Haofang; and (iii) upon completion of the JV Acquisition, will be in the interests of E-House and E-House Shareholders as a whole (including to facilitate the business of the JV and to promote the Tmall Haofang platform).

The Share Subscriptions and the JV Acquisition are conditional on the approval by a majority of the votes cast by the E-House Independent Shareholders (either in person or by proxy) at the E-House EGM and on the Whitewash Waiver being granted. The Executive may or may not grant the Whitewash Waiver, and if granted, the Whitewash Waiver will be subject to approval by at least 75% of the votes cast by the E-House Independent Shareholders (either in person or by proxy) at the E-House EGM. In the event that the Whitewash Waiver is not granted or not approved by at least 75% of the votes cast by the E-House Independent Shareholders at the E-House EGM, the Share Subscriptions and the JV Acquisition will not proceed.

E-House Shareholders and potential investors are advised to exercise caution when dealing in Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“Affiliated Companies”	in relation to any person, any other person directly or indirectly Controlling, Controlled by, or under common Control with, such person. “Control” means, in relation to a person: (a) the power to direct the exercise of a majority of the voting rights capable of being exercised at a general meeting of that person; (b) the right to appoint or remove a majority of the board of directors (or corresponding officers) of that person; or (c) the right to exercise a dominant influence over that person by virtue of provisions contained in its constitutional documents or under a control contract or otherwise, in each case either directly or indirectly and “Controlled”, “Controlling” and “under common Control” shall be construed accordingly
“Affiliated Persons”	in relation to any person, any shareholder, director, supervisor, executive, employee, agent, consultant or service provider of that person, or any other party acting on behalf of any of the persons identified above
“affiliate(s)”	in relation to any person, its Affiliated Companies and Affiliated Persons
“Alibaba China”	Alibaba (China) Network Technology Co., Ltd., a company incorporated under the laws of the PRC and an indirectly wholly-owned subsidiary of Alibaba Holding
“Alibaba Group”	Alibaba Holding and its subsidiaries and consolidated affiliated entities
“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 Investment”	Alibaba Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a directly wholly-owned subsidiary of Alibaba Holding
“Alibaba Longstop Date”	the date falling 120 days after the date of the Alibaba Subscription Agreement (being 26 August 2021), or such later date as may be agreed between E-House and Taobao China
“Alibaba Parties”	Alibaba Investment and Taobao China

“Alibaba Specific Mandate”	the specific mandate proposed to be granted by the E-House Independent Shareholders to the directors of E-House at the E-House EGM to allot and issue the Subscription Shares under the Alibaba Subscription Agreement
“Alibaba Subscription”	the share subscription pursuant to the Alibaba Subscription Agreement
“Alibaba Subscription Agreement”	the share subscription agreement dated 28 April 2021 entered into between E-House and Taobao China with respect to the Alibaba Subscription
“Articles”	the articles of association of E-House, as may be in effect from time to time
“associate”	has the meaning ascribed thereto under the Listing Rules
“Authorisations”	has the meaning ascribed thereto under the section headed “Alibaba Subscription Agreement” in this announcement
“Board”	the board of directors of E-House
“Business Day”	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 completion of the Share Subscriptions and the JV Acquisition takes place
“Code Independent Board Committee”	the independent board committee established by the Board to advise the E-House Independent Shareholders on the Share Subscriptions, the JV Acquisition, the Specific Mandates and the Whitewash Waiver, comprising Mr. Li Silong, Mr. Zhang Hai, Ms. Xie Mei, Mr. Huang Haojun, Mr. Zhang Bang, Mr. Zhu Hongchao, Mr. Wang Liqun, and Mr. Li Jin, being all the non-executive and independent non-executive directors of E-House
“concert party(ies)”	in respect of any person, any other person(s) who is acting in concert with such person
“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
“Conversion Shares”	the 99,508,197 Shares (subject to adjustment) that may be allotted and issued to Alibaba.com Hong Kong Limited, a subsidiary of Alibaba Holding, in accordance with the Note Subscription Agreement, the details of which are set out in the announcement dated 31 July 2020 and the circular dated 14 October 2020, issued by E-House
“CRE Corp”	China Real Estate Information Corporation, a company incorporated in the Cayman Islands with limited liability and wholly-owned by Mr. Zhou
“E-House”	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
“E-House EGM”	the extraordinary general meeting of the E-House Shareholders to be convened and held to consider and approve the Share Subscriptions, the JV Acquisition, the Specific Mandates and the Whitewash Waiver
“E-House Group”	E-House and its subsidiaries and consolidated affiliated entities
“E-House Holdings” or “Zhou Subsidiary”	E-House (China) Holdings Limited, a company incorporated in the Cayman Islands with limited liability and wholly-owned by Mr. Zhou
“E-House Independent Shareholders”	the E-House Shareholders, other than those who are interested in or involved in the Share Subscriptions, the JV Acquisition and the Whitewash Waiver, including (i) the Alibaba Parties and parties acting in concert with, and associates of, the Alibaba Parties that are E-House Shareholders; (ii) the Zhou Parties and parties acting in concert with, and associates of, the Zhou Parties that are E-House Shareholders; and (iii) Yunfeng and parties acting in concert with, and associates of, Yunfeng that are E-House Shareholders
“E-House Shareholders”	the shareholders of E-House
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of such Executive Director
“Fangyou”	Fangyou Information Technology Holdings Limited (房友信息技術控股有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of E-House
“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

“Independent Board Committees”	the Code Independent Board Committee and the Listing Rules Independent Board Committee
“Independent Financial Adviser”	an independent financial adviser to the Independent Board Committees and E-House Independent Shareholders in respect of the Share Subscriptions, the JV Acquisition, the Specific Mandates and the Whitewash Waiver
“JV”	TM Home Limited, a company incorporated in the Cayman Islands with limited liability and owned as to 85% and 15% by Alibaba Investment and Fangyou, respectively, as of the date of this announcement
“JV Acquisition”	the acquisition by E-House of 85% of the equity interests of the JV from Alibaba Investment pursuant to the JV Acquisition Agreement
“JV Acquisition Agreement”	the acquisition agreement dated 28 April 2021 entered into between E-House (as buyer) and Alibaba Investment (as seller) with respect to the JV Acquisition
“JV Consideration Mandate”	the specific mandate proposed to be granted by the E-House Independent Shareholders to the directors of E-House at the E-House EGM to allot and issue the JV Consideration Shares under the JV Acquisition Agreement
“JV Consideration Shares”	the new Shares to be allotted and issued by E-House to Alibaba Investment pursuant to the JV Acquisition Agreement
“JV Longstop Date”	120 days from the date of the JV Acquisition Agreement (being 26 August 2021), or such later date as may be agreed between E-House and Alibaba Investment
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Listing Rules Independent Board Committee”	the independent board committee established by the Board to advise the E-House Independent Shareholders on the Zhou Subscription and the Zhou Specific Mandate, comprising Mr. Zhang Bang, Mr. Zhu Hongchao, Mr. Wang Liqun, and Mr. Li Jin, being all the independent non-executive directors of E-House
“Marketing and Promotional Services Agreement”	has the meaning ascribed thereto under the section headed “Information on the JV” in this announcement
“Mr. Zhou”	Mr. Zhou Xin, a substantial shareholder and director of E-House, and a connected person of E-House
“On Chance”	On Chance Inc., a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Zhou

“Option Shares”	Shares that may be issued to the directors of E-House upon exercise of options granted under the Pre-IPO Share Option Scheme (as detailed in the E-House prospectus dated 10 July 2018)
“Prior Cooperation Agreement”	the strategic cooperation agreement dated 31 July 2020 entered into between E-House and Alibaba China as disclosed in E-House’s announcement dated 31 July 2020
“Regal Ace”	Regal Ace Holdings limited, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Zhou
“Repurchase Option”	has the meaning ascribed thereto under the section headed “Strategic Cooperation” in this announcement
“RMB”	Renminbi, the lawful currency of China
“SFC”	the Securities and Futures Commission of Hong Kong
“Shareholders’ Agreement”	a shareholders’ agreement to be entered into among the Zhou Parties and Taobao China upon the completion of the Share Subscriptions and JV Acquisition
“Share Buy-back”	the buy-back of the Shares by E-House in the event that the Repurchase Option is exercised
“Share Buy-backs Code”	the Code on Share Buy-backs issued by the SFC as amended from time to time
“Share Subscription Agreements”	the Alibaba Subscription Agreement, the Zhou Subscription Agreement and the Yunfeng Subscription Agreement
“Share Subscriptions”	the Alibaba Subscription, the Zhou Subscription and the Yunfeng Subscription
“Share(s)”	ordinary share(s) in the share capital of E-House with a par value of US\$0.00001 each
“Specific Mandates”	the Alibaba Specific Mandate, the JV Consideration Mandate, the Zhou Specific Mandate and the Yunfeng Specific Mandate
“Strategic Committee”	a committee of the Board proposed to be established to advise the Board
“Strategic Cooperation Amendment Agreement”	the agreement amending and restating the Prior Cooperation Agreement dated 28 April 2021 entered into between E-House and Alibaba China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription Price”	HK\$7.50 per Subscription Share
“Subscription Shares”	new Shares to be allotted and issued by E-House to Taobao China, the Zhou Subsidiary and Yunfeng pursuant to the Alibaba Subscription Agreement, the Zhou Subscription Agreement and Yunfeng Subscription Agreement, respectively
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC as amended from time to time
“Taobao China”	Taobao China Holding Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of Alibaba Holding
“Tianji Haofang”	Shanghai Tianji Haofang E-Commerce Co., Ltd. (上海添璣好房電子商務有限公司), a company incorporated under the laws of the PRC and an indirectly wholly-owned subsidiary of the JV
“Tmall Network”	Zhejiang Tmall Network Co., Ltd. (浙江天貓網絡有限公司), a company incorporated under the laws of the PRC and a consolidated entity of Alibaba Holding
“US\$”	United States dollar, the lawful currency of the United States of America
“Whitewash Waiver”	a waiver granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code from an obligation (which may otherwise arise as a result of the completion of the Share Subscriptions and the JV Acquisition (including the issue of the JV Consideration Shares) on the part of Taobao China, Alibaba Investment, Yunfeng and the Zhou Subsidiary to make a general offer for all the issued Shares and other securities of E-House
“YF Capital”	Yunfeng Capital Limited, a company incorporated under the laws of the Cayman Islands
“Yunfeng”	YF Ehouse Limited, a company established under the laws of British Virgin Islands, a wholly-owned subsidiary of Yunfeng Fund IV, L.P., which is managed by YF Capital
“Yunfeng Longstop Date”	120 days from the date of the Yunfeng Subscription Agreement (being 26 August 2021), or such later date as may be agreed between E-House and Yunfeng

“Yunfeng Specific Mandate”	the specific mandate proposed to be granted by the E-House Independent Shareholders to the directors of E-House at the E-House EGM to allot and issue the Subscription Shares under the Yunfeng Subscription Agreement
“Yunfeng Subscription”	the share subscription pursuant to the Yunfeng Subscription Agreement
“Yunfeng Subscription Agreement”	the share subscription agreement dated 28 April 2021 entered into between E-House and Yunfeng with respect to the Yunfeng Subscription
“Zhou Longstop Date”	120 days from the date of the Zhou Subscription Agreement (being 26 August 2021), or such later date as may be agreed between E-House and the Zhou Subsidiary
“Zhou Parties”	Mr. Zhou, the Zhou Subsidiary, CRE Corp, Regal Ace and On Chance
“Zhou Specific Mandate”	the specific mandate proposed to be granted by the E-House Independent Shareholders to the directors of E-House at the E-House EGM to allot and issue the Subscription Shares under the Zhou Subscription Agreement
“Zhou Subscription”	the share subscription pursuant to the Zhou Subscription Agreement
“Zhou Subscription Agreement”	the share subscription agreement dated 28 April 2021 entered into between E-House, Mr. Zhou and the Zhou Subsidiary with respect to the Zhou Subscription
“%”	per cent

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

Hong Kong, 28 April 2021

As at the date of this announcement, the Board comprises Mr. Zhou Xin as Chairman and Executive Director, Mr. Huang Canhao, Dr. Cheng Li-Lan and Dr. Ding Zuyu as Executive Directors, Mr. Li Silong, Dr. 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.

The E-House directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.