
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in E-House (China) Enterprise Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.

**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 and Debt Stock Code: 40507)**

**(1) DISCLOSABLE AND CONNECTED TRANSACTION
IN RELATION TO THE TM HOME SHARE ISSUANCE
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders



A letter from the Independent Board Committee to the Independent Shareholders is set out on page 27 of this circular. A letter from Zero2IPO Capital Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 28 to 47 of this circular.

A notice convening an extraordinary general meeting of E-House (China) Enterprise Holdings Limited to be held at Conference Room, 1/F, Yinli Building, 383 Guangyan Road, Jing'an District, Shanghai, China on Thursday, 27 July 2023 at 3:00 p.m. is set out on pages 52 to 54 of this circular. A form of proxy for use at the Extraordinary General Meeting is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.ehousechina.com).

Whether or not you are able to attend the Extraordinary General Meeting, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Extraordinary General Meeting (i.e. before 3:00 p.m. on Tuesday, 25 July 2023) or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the Extraordinary General Meeting if they so wish and in such event, the proxy form shall be deemed to be revoked.

6 July 2023

CONTENTS

	<i>Pages</i>
DEFINITIONS	1
LETTER FROM THE BOARD	10
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	27
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	28
APPENDIX I – GENERAL INFORMATION	48
NOTICE OF EXTRAORDINARY GENERAL MEETING	52

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“2022 Notes”	means the US\$200,000,000 7.625% senior unsecured notes due 2022 issued by the Company (ISIN: XS2066636429, Common Code: 206663642) on 18 October 2019, and the additional US\$100,000,000 7.625% senior unsecured notes due 2022 issued by the Company on 14 August 2020, which have been consolidated with the US\$200,000,000 7.625% senior unsecured notes due 2022 issued on 18 October 2019
“2023 Notes”	means the US\$200,000,000 7.60% senior unsecured notes due 2023 issued by the Company (ISIN: XS2260179762, Common Code: 226017976) on 10 December 2020, and the additional US\$100,000,000 7.60% senior unsecured notes due 2023 issued by the Company on 11 June 2021, which have been consolidated with the US\$200,000,000 7.60% senior unsecured notes due 2023 issued on 10 December 2020
“Accession Deed”	the accession deed to the Restructuring Support Agreement pursuant to which a person becomes a party as a Consenting Creditor in the form set out in Schedule 3 to the Restructuring Support Agreement and which will in practice be accessed and submitted electronically via https://sites.dfkingltd.com/E-House
“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 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)
“Announcement”	the Company’s announcement dated 3 April 2023 in relation to (i) the Restructuring Support Agreement (CB), (ii) the TM Home Share Issuance and (iii) the New BCA
“Board”	the board of directors of the Company

DEFINITIONS

“Business Day”	any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in the City of New York, the People’s Republic of China, Hong Kong or Cayman Islands are authorized or required by law or governmental regulation to close
“Cayman Court”	the Grand Court of the Cayman Islands and any court capable of hearing appeals therefrom
“Cayman Scheme”	the scheme of arrangement under Section 86 of the Companies Act (2021 Revision) of the Cayman Islands that might be applied for sanction by the Cayman Court by the Company in accordance with the Restructuring Support Agreement (CB) and the Term Sheet
“CB Holder”	Alibaba.com Hong Kong Limited, the Noteholder (as defined in the Note Instrument) of the Convertible Note and a company incorporated under the laws of Hong Kong with limited liability and indirectly wholly-owned by Alibaba Holding
“CB Shareholder”	the CB Holder or, at the CB Holder’s election, an affiliate of the CB Holder
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”	E-House (China) Enterprise Holdings Limited (易居(中國)企業控股有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on 22 February 2010 (stock code: 2048 and debt stock code: 40507)
“Completion”	completion of the Disposal on the Restructuring Effective Date
“Consenting Creditor”	a person holding a direct or beneficial interest as principal in the Old Notes who has agreed to be bound by the terms of the Restructuring Support Agreement
“Convertible Note”	the HK\$1,031,900,000 2.0% convertible note due 4 November 2023 issued by the Company on 4 November 2020, to the CB Holder, with principal amount of HK\$1,031,900,000 outstanding as of the date of this circular

DEFINITIONS

“Creditor SPV”	a special purpose vehicle to be incorporated in the Cayman Islands and to be owned by holders of the Old Notes on the Restructuring Effective Date for the purpose of holding shares in TM Home (to be set up by the Company prior to the Restructuring Effective Date)
“CRE Corp”	China Real Estate Information Corporation (中國房產信息集團) (formerly known as CRIC Holdings Limited (CRIC控股有限公司)), a company incorporated in the Cayman Islands with limited liability on 21 August 2008 and one of our substantial shareholders
“CRIC”	Shanghai CRIC Information Technology Co., Ltd.* (上海克而瑞信息技術有限公司), a company established in the PRC with limited liability and a subsidiary of the Company before the Disposal
“Director(s)”	the directors of the Company
“Disposal”	the deemed disposal by the Company as a result of the issuance of a number of new shares of TM Home to Creditor SPV and the CB Shareholder, pro rata by reference to the proportion of the aggregate Scheme Creditor’s Claims held by the holders of the Old Notes and holder of the Convertible Note, respectively, at the Record Time, representing an aggregate 65% equity interest in TM Home’s enlarged share capital after such issuance
“E-House (China) Holdings”	E-House (China) Holdings Limited (易居(中國)控股有限公司), a company incorporated in the Cayman Islands with limited liability on 27 August 2004 and one of our substantial shareholders
“E-House Holdings”	E-House Holdings Limited, a company incorporated in the Cayman Islands with limited liability on 31 July 2015 and one of our substantial shareholders
“EGM” or “Extraordinary General Meeting”	the extraordinary general meeting of the Shareholders to be convened and held to consider and approve the TM Home Share Issuance
“First Longstop Date”	180 days after the date of to the Share Subscription Agreement (or such later date as may be agreed among the parties to the Share Subscription Agreement)

DEFINITIONS

“First SSA Completion”	the completion of the issuance and subscription of the First Subscription Shares pursuant to the Share Subscription Agreement
“First Subscription”	the subscription of the First TM Home Share Issuance at the First SSA Completion pursuant to the Share Subscription Agreement
“First Subscription Shares”	the 50,209,195 new shares to be issued by TM Home on the date of the First SSA Completion pursuant to the Share Subscription Agreement
“First TM Home Share Issuance”	the issuance of the First Subscription Shares on the date of the First SSA Completion pursuant to the Share Subscription Agreement
“Group”	the Company and its subsidiaries
“High Court”	the High Court of the Hong Kong
“HK Scheme”	the scheme of arrangement proposed to be effected pursuant to sections 673 and 674 of the Companies Ordinance between the Company and the Scheme Creditors for the purpose of implementing the Restructuring, as contemplated under the Restructuring Support Agreement (CB) and the Term Sheet
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee established by the Board to advise the Independent Shareholders on the TM Home Share Issuance, comprising Mr. Zhang Bang, Mr. Zhu Hongchao, Mr. Wang Liqun, and Mr. Li Jin, being all the independent non-executive Directors
“Independent Financial Adviser”	an independent financial adviser, being Zero2IPO Capital Limited, to the Independent Board Committee and the Independent Shareholders in respect of the TM Home Share Issuance
“Independent Shareholders”	the Shareholders, other than those who are interested in or involved in the Share Subscription Agreement and the transactions contemplated thereunder (including Taobao China)

DEFINITIONS

“Invitation for Irrevocable Restructuring Support”	the Invitation for Irrevocable Restructuring Support from the Company for the submission from Eligible Holders (as defined in the RSA Announcement) of a duly executed Accession Deed and Restricted Notes Notice to the Restructuring Support Agreement to support the Restructuring of the Company
“IPLA”	the IP Licensing Agreement dated 1 September 2021 entered into between Alibaba Singapore Holding Private Limited and TM Home WFOE, as amended and supplemented from time to time
“Irrevocable Restructuring Support”	the submission from the Eligible Holders (as defined in the RSA Announcement) of a duly executed Accession Deed and Restricted Notes Notice to the Restructuring Support Agreement to support the Restructuring of the Company
“Jun Heng”	Jun Heng Investment Limited, a company incorporated in the British Virgin Islands on 13 June 2002 and is wholly-owned by On Chance
“Latest Practicable Date”	29 June 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Leju”	Leju Holdings Limited, a company incorporated in the Cayman Islands with limited liability on 20 November 2013 whose American depositary shares are listed on the New York Stock Exchange with stock symbol LEJU and a subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management SPV”	a special purpose vehicle for the purpose of holding shares in TM Home by certain members of management of TM Home appointed by the Company
“Mr. Zhou Xin”	a substantial shareholder and Director, and a connected person of the Company
“New BCA”	the new business transition agreement, dated 2 April 2023, entered into by and among Tmall Network, TM Home WFOE and TM Home in relation to the business operation of TM Home

DEFINITIONS

“New Schemes”	the Cayman Scheme and the HK Scheme
“Note Instrument”	the Note Instrument constituting the Convertible Note convertible into ordinary shares of the Company dated 4 November 2020 entered into by the Company for the benefit of CB Holder as the Noteholder (as defined in the Note Instrument)
“Obligors”	means, collectively, the Company and the Subsidiary Guarantors; and “Obligor” means any one of them
“Old Notes”	the 2022 Notes and the 2023 Notes
“On Chance”	On Chance, Inc., a company incorporated in the British Virgin Islands on 21 January 2002 and is wholly-owned by Mr. Zhou Xin
“Original BCA”	the TM Home Business Cooperation Agreement (天貓好房業務合作協議) dated 1 September 2021 entered into between Tmall Network and TM Home WFOE, as amended and supplemented from time to time
“PRC”	the People’s Republic of China, excluding, for the purposes of this circular, Hong Kong, the Macao Special Administrative Region and Taiwan
“PRC Holdco”	E-House Enterprise (China) Group Co., Ltd. (易居企業(中國)集團有限公司) (formerly known as 易居(中國)企業集團有限公司), a company established in the PRC with limited liability on 3 July 2006, and an indirect wholly-owned subsidiary of the Company
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme approved and adopted by the Company
“Record Time”	the time designated by the Company for the determination of the Scheme Creditor’s claim for the purposes of voting at (i) the meeting of the Scheme Creditors in relation to the Cayman Scheme as convened by order of the Cayman Court for the purpose of considering and, if thought fit, approving the Cayman Scheme, and any adjournment thereof and (ii) the meeting of the Scheme Creditors in relation to the HK Scheme as convened by order of the High Court of Hong Kong for the purpose of considering and, if thought fit, approving the HK Scheme, and any adjournment thereof

DEFINITIONS

“Regal Ace”	Regal Ace Holdings Limited, a company incorporated in the British Virgin Islands on 10 July 2015 and is owned as to 51% by Mr. Zhou Xin
“Restricted Notes Notice”	a notice substantially in the form set out in Schedule 3 to the Restructuring Support Agreement, which will in practice be accessed and submitted electronically via https://sites.dfkingltd.com/E-House
“Restructuring”	a potential restructuring of the indebtedness of the Obligors in respect of the Convertible Note and the Old Notes, to be conducted in the manner envisaged by, and on the terms set out in, the Term Sheet
“Restructuring Effective Date”	the day on which all conditions precedent to the Restructuring have been satisfied or waived (as the case may be), including the obtaining of all relevant approvals or consents
“Restructuring Support Agreement”	the restructuring support agreement, in relation to the Restructuring, entered into by the Company, the Subsidiary Guarantors and D.F. King Ltd. dated 2 April 2023, and is expected to be acceded to by the Scheme Creditors that are holders of the Old Notes
“Restructuring Support Agreement (CB)”	the restructuring support agreement, dated 2 April 2023, entered into by the Company, the Subsidiary Guarantors, the CB Holder and D.F. King Ltd. in relation to the New Schemes
“Rights Issue Announcement”	the Company’s announcement dated 19 June 2023 in relation to, among other things, the proposed rights issue on the basis of twelve (12) rights shares for every ten (10) shares held on the record date
“RSA Announcement”	the Company’s announcement dated 3 April 2023 in relation to the Company’s Invitation for Irrevocable Restructuring Support
“SCA”	the amended and restated strategic cooperation framework agreement dated 1 September 2021 entered into between Alibaba China and the Company
“Scheme Creditor Claim”	has the meaning ascribed to it in the RSA Announcement
“Scheme Creditors”	the creditors of the Company whose claims against the Obligors are (or will be) the subject of the New Schemes
“Second Longstop Date”	31 March 2024

DEFINITIONS

“Second SSA Completion”	the completion of the issuance and subscription of the Second Subscription Shares pursuant to the Share Subscription Agreement
“Second Subscription”	the subscription of the Second TM Home Share Issuance at the Second SSA Completion pursuant to the Share Subscription Agreement
“Second Subscription Shares”	the 1,000,000 new shares to be issued by TM Home on the date of the Second SSA Completion pursuant to the Share Subscription Agreement
“Second TM Home Share Issuance”	the issuance of the Second Subscription Shares on the date of the Second SSA Completion pursuant to the Share Subscription Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share Subscription Agreement”	the share subscription agreement, dated 2 April 2023, entered into by and among the TM Home Minority Shareholder, the Company and TM Home in relation to the First Subscription Shares and Second Subscription Shares
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantors”	Fangyou Information Technology Holdings Ltd., Hong Kong Fangyou Software Technology Co. Ltd., CRIC Holdings Limited and CRIC Holdings (HK) Limited, subsidiaries of the Company which provided unconditional and irrevocable guarantees to secure the Company’s obligations under the Old Notes
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC
“Taobao China”	Taobao China Holding Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of Alibaba Holding
“Term Sheet”	the term sheet attached to the Restructuring Support Agreement (CB) (as may be amended from time to time)

DEFINITIONS

“TM Home”	TM Home Limited, a company incorporated in the Cayman Islands with limited liability and a subsidiary of the Company
“TM Home Group”	TM Home and its subsidiaries from time to time
“TM Home Minority Shareholder”	Alibaba Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a directly wholly-owned subsidiary of Alibaba Holding
“TM Home Share Issuance”	the issuance by TM Home of the First Subscription Shares through the First TM Home Share Issuance and the Second Subscription Shares through the Second TM Home Share Issuance to the Company pursuant to the Share Subscription Agreement
“TM Home WFOE”	Shanghai TM Home E-Commence Limited (上海天貓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 TM Home (Hong Kong) Limited. TM Home (Hong Kong) Limited is a wholly-owned subsidiary of TM Home, which is in turn 70.23% owned by the Company
“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 subsidiary of Alibaba Holding
“Vanke”	China Vanke Co., Ltd. (萬科企業股份有限公司), a limited liability company established in the PRC and listed on the Stock Exchange and the Shenzhen Stock Exchange with stock codes 2202 and 000002, respectively

LETTER FROM THE BOARD



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 and Debt Stock Code: 40507)

Executive Directors:

Mr. Zhou Xin (*Chairman*)
Mr. Huang Canhao (*Vice Chairman*)
Dr. Cheng Li-Lan
Dr. Ding Zuyu (*Chief Executive Officer*)

Registered Office:

Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Non-executive Directors:

Ms. Jiang Shanshan
Mr. Yang Yong
Mr. Song Jiajun

Headquarters:

11/F, Yinli Building
383 Guangyan Road, Jing'an District
Shanghai 200072, China

Independent Non-executive Directors:

Mr. Zhang Bang
Mr. Zhu Hongchao
Mr. Wang Liquan
Mr. Li Jin

Principal Place of Business in Hong Kong:

40th Floor, Dah Sing Financial Centre
248 Queen's Road East
Wan Chai, Hong Kong

6 July 2023

To the Shareholders

Dear Sir/Madam,

**(1) DISCLOSABLE AND CONNECTED TRANSACTION
IN RELATION TO THE TM HOME SHARE ISSUANCE
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Reference is made to the Announcement in relation to, among other things, (i) the transactions contemplated under the Share Subscription Agreement, which are subject to the Independent Shareholders' approval at the EGM, and (ii) the termination of the Original BCA, the SCA and the IPLA pursuant to the New BCA, which is subject to the Shareholders' approval at the EGM.

LETTER FROM THE BOARD

The purpose of this circular is to provide Shareholders with information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the ordinary resolutions to be proposed at the EGM, including (i) details of the TM Home Share Issuance; (ii) details of the Restructuring (including the New BCA); (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the TM Home Share Issuance; (iv) a letter of recommendation from the Independent Board Committee to the Independent Shareholders regarding the TM Home Share Issuance; and (v) the notice of the EGM.

2. THE TM HOME SHARE ISSUANCE

In order to give effect to the New Schemes, the Company and the TM Home Minority Shareholder intend to cause TM Home to issue the First Subscription Shares on the date of the First SSA Completion and the Second Subscription Shares on the date of the Second SSA Completion, and the Company has agreed to subscribe for the First Subscription Shares and the Second Subscription Shares upon the terms and subject to the conditions set out in the Share Subscription Agreement.

On 2 April 2023, the Company, the TM Home Minority Shareholder and TM Home entered into the Share Subscription Agreement pursuant to which the Company and the TM Home Minority Shareholder, as shareholders of TM Home, agreed to cause TM Home to issue, and the Company has agreed to subscribe for the First Subscription Shares on the date of the First SSA Completion and the Second Subscription Shares on the date of the Second SSA Completion. Under the Share Subscription Agreement, the TM Home Minority Shareholder has agreed to waive any pre-emptive rights it may have to subscribe for additional shares in TM Home in relation to both the First TM Home Share Issuance and the Second TM Home Share Issuance.

TM Home was jointly established by the Company and the TM Home Minority Shareholder with a paid up share capital of US\$1,500,000, which is currently owned as to approximately 29.77% by the TM Home Minority Shareholder and approximately 70.23% by the Company as at the date of this circular. Upon completion of the First TM Home Share Issuance, it is expected that the Company and the TM Home Minority Shareholder will hold approximately 89.207% and 10.793%, respectively, of the issued share capital of TM Home. The First TM Home Share Issuance is conditional upon, among other things (i) the Company obtaining from the holders of the 2022 Notes and the 2023 Notes waivers to certain provisions under the indenture governing the 2022 Notes and the indenture governing the 2023 Notes (collectively, the “**Indentures**”), respectively, and (ii) the Company paying the TM Home Minority Shareholder, on the date of the First SSA Completion, an amount of US\$1,275,000 (the “**Incentive Fee**”) in consideration for the TM Home Minority Shareholder electing not to subscribe for additional shares in TM Home.

LETTER FROM THE BOARD

With respect to the waivers to certain provisions under the Indentures to be obtained by the Company, the Company is restricted by a limitation on restricted payments covenant under each of the Indentures from making certain restricted payments, which include the payment of the Incentive Fee as part of the First TM Home Share Issuance, if, among other things, at the time of, and after giving effect to, the proposed restricted payment, a default has occurred and is continuing. As defaults have occurred and are continuing under the 2022 Notes and the 2023 Notes, the Company is seeking waivers from the holders of the 2022 Notes and the 2023 Notes in respect of the requirements of the foregoing covenants under the respective Indentures in order to consummate the transactions under the Share Subscription Agreement, including payment of the Incentive Fee. For details of the waivers the Company is seeking from the holders of the 2022 Notes and the 2023 Notes, please refer to the paragraph headed “The Restructuring Support Agreement and Next Steps – Undertakings of the Consenting Creditors” in the RSA Announcement.

On or prior to the completion of the Second TM Home Share Issuance, TM Home will undergo a reverse share split to convert each 1,000 of its shares into 1 share.

Upon completion of the Second TM Home Share Issuance, the Company and the TM Home Minority Shareholder will hold approximately 99.212% and 0.788%, respectively, of the issued share capital of TM Home. The Second TM Home Share Issuance is subject to, among other things, the Cayman Scheme and the HK Scheme having been sanctioned by the Cayman Court and the High Court, respectively and shall take place on the Restructuring Effective Date, and immediately prior to the issuance of the CB Allocation (as defined below) to the CB Shareholder under the Restructuring.

Under the Share Subscription Agreement, the TM Home Minority Shareholder and the Company have agreed that in the event (i) the Company has effected payment of the Incentive Fee to the TM Home Minority Shareholder in full and it is not reasonably expected that such payment would become subject to any challenge which may result in it being unwound, revoked or otherwise clawed back, (ii) the Share Subscription Agreement is terminated by reason of the condition that the Cayman Scheme and the HK Scheme having been sanctioned by the Cayman Court and the High Court, respectively, not having been satisfied, and (iii) an involuntary case or other proceeding have been commenced against the Company with respect to it or its debt obligations under any applicable bankruptcy, insolvency or other similar law (the later of the dates covered by (i), (ii) and (iii) above, the “**Trigger Date**”), the TM Home Minority Shareholder will, upon written request by the Company, transfer all of the shares of TM Home it holds as of the Trigger Date to the Company without any additional costs within 10 Business Days after its receipt of such request (the “**Triggered Transfer**”). Following the Triggered Transfer, the TM Home Minority Shareholder would cease to be a shareholder of TM Home.

LETTER FROM THE BOARD

Consideration and Payment Terms

Pursuant to the Share Subscription Agreement, the total consideration for the subscription will be US\$105,020.92. The consideration for the subscription for (i) the First Subscription Shares will be US\$5,020.92 (representing approximately US\$0.0001 per First Subscription Share) and (ii) the Second Subscription Shares shall be US\$100,000 (representing approximately US\$0.1 per Second Subscription Share), which will be payable by the Company in full at (x) in respect of the First Subscription Shares, the First SSA Completion and (y) in respect of the Second Subscription Shares, the Second SSA Completion. The consideration for the TM Home Share Issuance will be paid with self-owned funds by the Company to TM Home in cash by wire transfer of immediately available funds.

In addition, the Incentive Fee will be payable by the Company at the First SSA Completion and will be paid in cash.

Basis of the Consideration for the Share Subscription Agreement

The subscription price of the First Subscription Shares and the Second Subscription Shares is determined by the par value per TM Home's share, which is nominal as compared to the net asset value of TM Home. The consideration of the First Subscription Shares and the Second Subscription Shares was determined by way of arm's length negotiations between the Company and the TM Home Minority Shareholder, taking into account various factors, including (i) the importance of the successful implementation of the New Schemes, and the First Subscription and the Second Subscription being essential steps to the implementation of the New Schemes; (ii) the fact that the TM Home Minority Shareholder's shareholding in TM Home will be diluted significantly by the TM Home Share Issuance and the TM Home Minority Shareholder has a right to veto the TM Home Share Issuance under the existing contractual arrangements; and (iii) the debt owned by the Company to the Scheme Creditors being much higher than the estimated value of the Disposal under the New Schemes. In addition, the Incentive Fee is determined by way of arm's length negotiations between the Company and the TM Home Minority Shareholder, taking into account the portion of equity interest in TM Home acquired by the TM Home Minority Shareholder as at the time of the establishment of TM Home on 28 January 2021, being 85% of the paid up share capital of US\$1,500,000 of TM Home. For details, please refer to the circular of the Company dated 28 October 2021 in relation to the acquisition of its equity interest in TM Home.

Conditions precedent to the Share Subscription Agreement

- (1) The First SSA Completion is conditional upon the satisfaction or, if applicable, waiver of the following conditions:
 - (a) there not having occurred at any time before the First SSA Completion, any event or circumstance which renders any of the TM Home Warranties (as defined in the Restructuring Support Agreement (CB)) untrue, inaccurate or misleading in any material respect;

LETTER FROM THE BOARD

- (b) there not having occurred at any time before the First SSA Completion, any event or circumstance which renders any of the warranties given by the TM Home Minority Shareholder untrue, inaccurate or misleading in any material respect;
 - (c) there not having occurred at any time before the First SSA Completion, any event or circumstance which renders any of the Company Warranties (as defined in the Restructuring Support Agreement (CB)) untrue, inaccurate or misleading in any material respect;
 - (d) the Company having obtained the consent and waiver from holders of the Old Notes for, among other things, the transactions contemplated herein and the Restructuring;
 - (e) each of the Original BCA, the SCA and the IPLA having been terminated;
 - (f) all the authorizations, approvals, consents, waivers and permits of, and filings with, government entities which are necessary for the entry into the Share Subscription Agreement and/or the performance of the obligations hereunder or otherwise to give effect to the transactions contemplated hereunder as required by Applicable Laws (as defined in the Share Subscription Agreement) having been granted, received, obtained and completed;
 - (g) there not being in effect any Applicable Law restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by the Share Subscription Agreement; and
 - (h) the Company paying the TM Home Minority Shareholder the Incentive Fee on the date of the First SSA Completion, in consideration for the TM Home Minority Shareholder electing not to subscribe for additional shares in TM Home.
- (2) The Second SSA Completion is conditional upon the satisfaction or, if applicable, waiver of the following conditions:
- (a) there not having occurred at any time before Second SSA Completion, any event or circumstance which renders any of the TM Home Warranties untrue, inaccurate or misleading in any material respect;
 - (b) there not having occurred at any time before Second SSA Completion, any event or circumstance which renders any of the warranties given by the TM Home Minority Shareholder untrue, inaccurate or misleading in any material respect;

LETTER FROM THE BOARD

- (c) there not having occurred at any time before Second SSA Completion, any event or circumstance which renders any of the Company Warranties untrue, inaccurate or misleading in any material respect;
- (d) the courts of the Cayman Islands and Hong Kong having sanctioned the relevant Scheme filed under the laws of Cayman Islands and the laws of Hong Kong, as the case may be, and the Restructuring having become unconditional in all respects;
- (e) all the authorizations, approvals, consents, waivers and permits of, and filings with, Government Entities (as defined in the Share Subscription Agreement) which are necessary for the entry into the Share Subscription Agreement and/or the performance of the obligations hereunder or otherwise to give effect to the transactions contemplated hereunder as required by Applicable Laws having been granted, received, obtained and completed; and
- (f) there shall not be in effect any Applicable Law restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by the Share Subscription Agreement.

The conditions set out in (1)(a) and (2)(a) may be waived in writing in whole or in part by the Company and the TM Home Minority Shareholder. The conditions set out in (1)(b) and (2)(b) may be waived in writing in whole or in part by the Company. The conditions set out in (1)(c), (1)(e), (1)(h) and (2)(c) may be waived in writing in whole or in part by the TM Home Minority Shareholder. The conditions set out in (1)(d), (1)(f), (1)(g), (2)(d), (2)(e) and (2)(f) may not be waived by any party to the Share Subscription Agreement.

The Company shall use all reasonable endeavors to procure the satisfaction and continued satisfaction of the conditions set out in (1) and (2) (other than the conditions set out in (1)(a), (1)(b), (2)(a) and (2)(b)) as soon as practicable and in any event prior to (i) the First Longstop Date (i.e. 180 days after the date of the Share Subscription Agreement) in the case of the conditions to the First Subscription and (ii) the Second Longstop Date in the case of the conditions to the Second Subscription. The TM Home Minority Shareholder shall use all reasonable endeavors to procure the satisfaction and continued satisfaction of the conditions set out in (1)(b) and (2)(b) as soon as practicable and in any event prior to (i) the First Longstop Date in the case of the condition set out in 1(b) and (ii) the Second Longstop Date in the case of the conditions set out in 2(b). TM Home shall use its reasonable endeavors to procure the satisfaction and continued satisfaction of the conditions set out in (1)(a), (1)(f), (1)(g), (2)(a), (2)(e) and (2)(f) as soon as practicable and in any event prior to (i) the First Longstop Date in the case of conditions to the First Subscription and (ii) the Second Longstop Date in the case of conditions to the Second Subscription.

LETTER FROM THE BOARD

Each party to the Share Subscription Agreement undertakes to give notice to the other parties of the occurrence of any event or circumstance that is likely to cause a condition not to be satisfied prior to (i) the First Longstop Date in the case of the First Subscription and (ii) the Second Longstop Date in the case of the Second Subscription, in each case, as soon as practicable and in any event within five (5) Business Days after becoming aware of such event or circumstance.

Completion

The First SSA Completion shall take place: (a) on the third Business Day after the satisfaction or waiver (as the case may be) of the last in time of the relevant conditions (other than any such condition (or any part thereof) which may only be satisfied at the First SSA Completion); or (b) at such other time as may be agreed by the parties to the Share Subscription Agreement in writing. Subject to the satisfaction of the relevant conditions (other than any such condition (or any part thereof) which may only be satisfied at the Second SSA Completion), the Second SSA Completion shall take place on the same day as the date of, and immediately prior to, the issuance of shares in TM Home under the terms of the Restructuring as described in the Share Subscription Agreement, or such other time as may be agreed by the parties to the Share Subscription Agreement in writing.

Reasons for and benefits of the Share Subscription Agreement

As stated above, the Company has been in active discussions with its advisers with the intention to formulate a restructuring plan that appropriately takes into consideration the positions of all stakeholders. As a result and in order to restructure the Company's debt obligations, including the Old Notes and the Convertible Note, the Company proposes to implement the New Schemes. In order to implement the New Schemes, the Company entered into, among others, the Share Subscription Agreement. The TM Home Share Issuance would be a significant and inseparable part of the implementation of the New Schemes.

3. THE NEW BCA

In order to implement the New Schemes, on 2 April 2023, TM Home, TM Home WFOE and Tmall Network entered into the New BCA, pursuant to which, among other things, upon the approval of the Shareholders at the EGM, the Original BCA, the SCA and the IPLA will be terminated. The New BCA also sets out terms of the transitional arrangements for the business operation of TM Home, pursuant to which, among other things, (i) Tmall Network and TM Home WFOE would continue the cooperation on the Tmall Haofang (天貓好房) platform business with TM Home WFOE being designated as the exclusive Tmall partner for the online real estate platform on Tmall, for the period from the date of the New BCA to 31 August 2024 and (ii) TM Home would be renamed.

LETTER FROM THE BOARD

4. THE RESTRUCTURING

The New Schemes

The Company intends to propose the New Schemes to holders of the Old Notes and the holder of the Convertible Note. If each of the New Schemes are sanctioned by the relevant court and become effective, on the Restructuring Effective Date, the Company will pay the restructuring consideration to the participating Scheme Creditors, consisting of the following:

- (i) US\$60 per US\$1,000 (or the HK\$ equivalent) of the Scheme Creditor Claim held by each Scheme Creditor at the Record Time, payable in cash (the “**Cash Consideration**”);
- (ii) in the case of a Scheme Creditor that is a holder of the Old Notes, shares in Creditor SPV issued pro rata by reference to the Scheme Creditor Claim that each such Scheme Creditor held at the Record Time as a proportion to the Scheme Creditor Claim of such Scheme Creditors; and
- (iii) on the Restructuring Effective Date, the Company will cause TM Home to issue a number of new shares of TM Home to Creditor SPV (the “**Creditor SPV Allocation**”) and the CB Shareholder (the “**CB Allocation**”), pro rata by reference to the proportion of the aggregate Scheme Creditor Claim held by the holders of the Old Notes and the holder of the Convertible Note, respectively, at the Record Time, such that after such issuance, an aggregate 65% equity interest in the share capital of TM Home (the “**TM Home Shares**”) will be held collectively by Creditor SPV, the CB Shareholder and the TM Home Minority Shareholder. Following such issuance, Creditor SPV will hold approximately 54.207%, and the CB Shareholder and the TM Home Minority Shareholder will collectively hold approximately 10.793%, respectively, of the shares of TM Home. The remaining 35% of the shares of TM Home will be held by the Company and its affiliates, of which 15% will be transferred to a special purpose vehicle held by the members of senior management of TM Home appointed by the Company (i.e. Management SPV).

The overall principle of the Restructuring is to give the Scheme Creditors a combination of cash and a controlling equity interest in TM Home, an entity that will, upon completion of the Restructuring, (a) hold and operate the Company’s two stable lines of business, being (i) real estate data and consulting services business currently operated under CRIC and (ii) hold and operate the online real estate marketing service business in partnership with Tmall Network, and (b) holds a controlling stake in Leju, which is a leading online-to-offline real estate services provider in China and principally engaged in offering real estate e-commerce, online advertising, and online listing services through its online platform. This is effectively a disposal by the Group of TM Home, CRIC, Leju and their respective subsidiaries. TM Home currently operates the Company’s real estate brokerage network services conducted under the

LETTER FROM THE BOARD

“Fangyou” brand name. Such real estate brokerage network services will be transferred to the PRC Holdco before the completion of the Disposal. TM Home will not operate or hold the Company’s real estate brokerage network services conducted under the “Fangyou” brand name.

The Disposal, if carried out, may be deemed as a very substantial disposal by the Company pursuant to Chapter 14 of the Listing Rules.

For illustrative purposes, the total amount of the Company’s outstanding debt obligation under the Old Notes and the Convertible Notes to be discharged under the New Schemes is approximately HK\$6,328.5 million (assuming that the accrued and unpaid interest is calculated up to 30 June 2023).

The Rights Issue

As stated in the RSA Announcement, the Company intends to fund the Cash Consideration under the restructuring plan with external financing, including, but not limited to, raising approximately HK\$480 million by way of a potential rights issue which is expected to be underwritten by Mr. Zhou Xin (the “**Rights Issue**”). With reference to the announcement published by the Company dated 19 June 2023, the Company proposes to issue 2,098,871,436 rights shares by way of the Rights Issue, on the basis of twelve (12) rights shares for every ten (10) Shares held by the qualifying Shareholders on the record date at the subscription price of HK\$0.23 per rights share to raise approximately HK\$483 million before expenses (assuming no new issue or repurchase of Shares on or before the record date). The Rights Issue would not result in a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of over 25%. The Company will make further announcement if there is any material variation to the Rights Issue. As Mr. Zhou Xin, a Director and substantial shareholder of the Company, will underwrite the Rights Issue, the Company will make arrangements to dispose of the unsubscribed rights shares under the Rights Issue, which shall comprise the rights shares that are not subscribed by the qualifying Shareholders and the right shares which would otherwise have been provisionally allotted to the non-qualifying Shareholders in nil-paid form, by offering the unsubscribed rights shares to independent placees who are not Shareholders for the benefit of the relevant no action shareholders and the non-qualifying Shareholders to whom they were offered under the Rights Issue. To implement the foregoing compensatory arrangements, the Company has engaged placing agents to procure placee(s), on a best effort basis, to subscribe for the unsubscribed rights shares at a price which shall be not less than the subscription price of the rights issue. The Rights Issue is conditional upon the Shareholders’ approval to be obtained at one or more general meetings of the Shareholders for all transactions in relation to the New Schemes that require shareholders’ approval in accordance with the Listing Rules and the Takeovers Code, which are expected to include the TM Home Share Issuance, the Disposal and the Rights Issue.

Reference is made to the Rights Issue Announcement. In respect of the closure of register of members of the Company for determining the entitlements to the Right Issue, the Board wishes to clarify that the period of closure stated in the paragraph headed “Closure of register of members” on page 11 of the Rights Issue Announcement should be between Wednesday, 30 August 2023 and Tuesday, 5 September 2023 (both days inclusive). Save for the above, all other information contained in the Rights Issue Announcement remains unchanged. For other details of the Rights Issue, please refer to the Rights Issue Announcement.

LETTER FROM THE BOARD

The Potential Disposal

As stated above, on the Restructuring Effective Date, the Company will cause TM Home to issue a number of new shares of TM Home to Creditor SPV and the CB Shareholder, pro rata by reference to the proportion of the aggregate Scheme Creditor Claim held by the holders of the Old Notes and the holder of the Convertible Note, respectively, at the Record Time, such that after such issuance, an aggregate 65% equity interest in the share capital of TM Home will be held collectively by Creditor SPV, the CB Shareholder and the TM Home Minority Shareholder.

Prior to the Restructuring Effective Date, the Company will incorporate the Creditor SPV to be owned by holders of the Old Notes on the Restructuring Effective Date for the purpose of implementing the New Schemes. On the Restructuring Effective Date, each Scheme Creditor holding the Old Notes will be entitled to receive shares in Creditor SPV. The shares in Creditor SPV will be allocated pro rata by reference to the Scheme Creditor Claim that each such Scheme Creditor held at the Record Time. On the Restructuring Effective Date, 100% of the shares of Creditor SPV will be transferred to the Scheme Creditors holding the Old Notes. On the Restructuring Effective Date, the Company will cause TM Home to issue new TM Home Shares to Creditor SPV and the CB Holder according to the Creditor SPV Allocation and the CB Allocation, such that following such issuance, an aggregate 65% equity interest in the share capital of TM Home will be held collectively by Creditor SPV, the CB Shareholder and the TM Home Minority Shareholder. Following such issuance, Creditor SPV will hold approximately 54.207%, and the CB Shareholder and the TM Home Minority Shareholder will collectively hold approximately 10.793%, respectively, of the shares of TM Home. The remaining 35% of the shares of TM Home will be held by the Company and its affiliates, of which 15% will be transferred to Management SPV.

On the Restructuring Effective Date, in respect of Creditor SPV, the Scheme Creditors that are holders of the Old Notes will pass a shareholders' resolution to confirm the board of directors of Creditor SPV and to ratify all actions taken by the respective board of the relevant Creditor SPV on or prior to the Restructuring Effective Date. In order to ensure that the Company can continue to operate the business of TM Home pursuant to the New BCA, on or prior to the Restructuring Effective Date, the Company, Management SPV, Creditor SPV, the TM Home Minority Shareholder, the CB Shareholder and TM Home will enter into a shareholders' agreement in relation to TM Home (the "**TM Home Shareholders' Agreement**"). Subsequent to the Disposal, the Company will continue to operate TM Home up to 31 August 2024 under the TM Home Shareholders' Agreement despite only holding 20% equity interest in TM Home.

As part of the Restructuring, Creditor SPV and the TM Home Minority Shareholder and/or the CB Shareholder will agree to appoint the Company as an agent, and the Company will undertake to use reasonable endeavors to sell or procure the sale, in each case for cash, of (including by way of auction) not less than 65% of the shares of, or assets held by, TM Home on or prior to 31 August 2024 (the "**Share Sale**"). Any such proposed sale will be subject to the restrictions set out in the TM Home Shareholders' Agreement. The appointment will not in

LETTER FROM THE BOARD

any way affect the ability of Creditor SPV, the TM Home Minority Shareholder or the CB Shareholder to sell their shares in TM Home subject to the terms of the TM Home Shareholders' Agreement, and Creditor SPV, the TM Home Minority Shareholder and CB Shareholder will have discretion as to whether or not to participate in such Share Sale subject to their review of the terms and conditions of the Share Sale. The terms of such appointment will be documented in an agency agreement to be agreed upon and entered into on or prior to the Restructuring Effective Date. Creditor SPV has no obligation to dispose of its interest in TM Home. If the Company is unable to sell or procure the Share Sale, TM Home will continue to be held by Creditor SPV, the TM Home Minority Shareholder, Management SPV and the Company. Creditor SPV and the TM Home Minority Shareholder may also sell their shares in TM Home, subject to the terms of the TM Home Shareholders' Agreement at any time. Under the TM Home Shareholders' Agreement, if any shareholder of TM Home proposes to transfer any shares of TM Home or other securities of TM Home to any person (the "Transferee"), the transferring shareholder must first give notice in writing to each other shareholder of TM Home which is not an affiliate of the Transferee and the other shareholders will have a right of first refusal in respect of any such transfer, subject to certain limited exceptions.

For the avoidance of doubt, while the First TM Home Share Issuance and the Second TM Home Share Issuance are the first and essential steps of the Restructuring, the Share Subscription Agreement is neither conditional nor inter-conditional on the Rights Issue or the Disposal.

Financial information of the entities subject to the potential Disposal

As stated in the RSA Announcement, TM Home will, upon completion of the Restructuring, (a) hold and operate the Company's two stable lines of business, being (i) real estate data and consulting services business currently operated under CRIC and (ii) holding and operating the online real estate marketing service business in partnership with Tmall Network, and (b) hold a controlling stake in Leju. TM Home will not operate or hold the Company's real estate brokerage network services conducted under the "Fangyou" brand name.

For illustrative purposes, set out below is the unaudited combined financial information of the TM Home Group upon completion of the Restructuring (i.e., after consolidating CRIC and excluding the Company's real estate brokerage network services conducted under the "Fangyou" brand name) for the two financial years ended 31 December 2021 and 2022, based on the unaudited management accounts of TM Home and other relevant subsidiaries of the Company:

	For the year ended 31 December 2022	For the year ended 31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	2,898,786	4,337,874
Net Loss before tax	(1,219,016)	(1,516,151)
Net Loss after tax	(1,144,967)	(1,403,183)

LETTER FROM THE BOARD

Based on the unaudited combined financial information of the TM Home Group upon completion of the Restructuring, (i) the net asset value of the TM Home Group upon completion of the Restructuring was approximately RMB592 million, as of 31 December 2022 and (ii) the TM Home Group upon completion of the Restructuring had total assets of approximately RMB4,124 million and RMB2,551 million as of 31 December 2021 and 2022, respectively. The foregoing unaudited combined financial information of the TM Home Group upon completion of the Restructuring is for illustrative purposes and for Shareholders' reference only. In the event that the Company proceeds with the Disposal, the Company will make further announcement and comply with the applicable requirements under the Listing Rules as and where appropriate.

Expected Sequence of the Restructuring Events

As announced in the Company's announcements dated 31 May 2023, 18 June 2023, 19 June 2023 and 2 July 2023 in relation to the Company's Invitation for Irrevocable Restructuring Support, the Company is in the process of conducting the Invitation for Irrevocable Restructuring Support. The Company will continue to accept fully completed Accession Deed and Restricted Notes Notice submitted by holders of the Old Notes up until the time of filing of the petition in relation to commencing the Cayman Scheme with the Cayman Court and the filing of petition in relation to commencing the HK Scheme with the High Court of Hong Kong. Assuming the Company receives sufficient support for the Restructuring, the Company intends to proceed with petitioning the relevant courts to proceed with the New Schemes as soon as practicable.

In order to implement the New Schemes, the Company expects to complete the transactions under the Restructuring in the following sequence:

- (i) Upon the Shareholders' approval for the proposed resolutions to be proposed at the EGM and all other conditions to the First TM Home Share Issuance being satisfied or waived, the Company expects completion of the First TM Home Share Issuance to take place on the third business day after the satisfaction (or waiver) of the last in time of the relevant conditions. The First TM Home Share Issuance is not conditional upon the petitioning to the relevant courts for the New Schemes.
- (ii) As stated above, the Rights Issue is conditional upon the Company having obtained the Shareholders' approval for (i) the TM Home Share Issuance at the EGM, and (ii) the Disposal and the Rights Issue at one or more general meeting(s) of the Shareholders. Assuming the Shareholders' approval for all transactions in relation to the New Schemes that require shareholders' approval in accordance with the Listing Rules and the Takeovers Code having been obtained and all other conditions under the underwriting agreement and the placing agreements having been satisfied, the Company expects the Rights Issue to take place before the Restructuring Effective Date and the dealings in fully-paid rights shares to commence in October 2023. The Rights Issue is not conditional upon the petitioning to the relevant courts for the New Schemes, and will be completed prior to the completion of the Second TM Home Share Issuance and the Disposal. In the event that the conditions under the underwriting agreement and the placing agreements in connection with the Rights Issue are not satisfied or waived, the Company will consider using other means to raise funds to fulfill the Cash Consideration under the New Schemes.

LETTER FROM THE BOARD

- (iii) Each of the Second TM Home Share Issuance and the Disposal is conditional upon the relevant courts sanctioning the New Schemes. In addition, the Disposal is expected to be conditional upon the Shareholders' approval to be obtained at a separate general meeting of the Shareholders. Assuming each of the relevant courts having sanctioned the New Schemes and all other conditions under the Share Subscription Agreement to the Second TM Home Share Issuance having been satisfied, the Company expects the Second TM Home Share Issuance to take place on the same day as the date of, and immediately prior to, the Disposal. Following the Second TM Home Share Issuance and assuming the Shareholders' approval for the Disposal having been obtained, the Company will, among other things, cause the Disposal to occur on the Restructuring Effective Date.

- (iv) The New Schemes will become effective on the Restructuring Effective Date, which will take place after the completion of the TM Home Share Issuance and the Rights Issue. The Disposal will take place on the Restructuring Effective Date.

Information on the Parties

The Company

The Company is a real estate transaction service provider in the PRC, mainly offering real estate agency services in the primary market, real estate data and consulting services and real estate brokerage network services. Upon the completion of the Restructuring and the Disposal, the Group will continue to provide (i) real estate agency services in the primary market that primarily include formulating and executing marketing and sales strategies for real estate projects developed by real estate developers, promoting the projects to prospective purchasers, and facilitating sales transactions, and (ii) real estate brokerage network services under the “Fangyou” brand of integrating small and medium-sized secondary real estate brokerage stores in the PRC, and empowering them with rich resources in their business operations. The Restructuring and the Disposal serve as an integral part of the Company's plan to restructure its debt obligations. Having considered its options, the Board considers the Restructuring and the Disposal to be the most appropriate next step to meet the needs of all stakeholders while maintaining a significant portion of the Group's core businesses for operation as a leading real estate service provider in the PRC. The Company's real estate agency services in the primary market have been the Group's main business segment since its establishment and listing on the Stock Exchange in 2018. In addition, the Group has also been providing real estate brokerage network services since its establishment. Such business segments in aggregate contributed to more than 40% of the Group's revenue for the year ended 31 December 2022 and despite the decline in the Group's business scale as a result of the overall downturn in the real estate market caused by tightened government policies in the PRC real estate industry and the COVID-19 pandemic, the Company has, in response, strictly limited expenditures and focused on cost control and collection of receivables in the past couple of years to ensure optimization of the recovery in the aforementioned business segments. Furthermore, over the years, the Group has built certain development resilience from its entire industry chain layout in respect of the real estate marketing industry.

LETTER FROM THE BOARD

TM Home Minority Shareholder

The TM Home Minority Shareholder is a company incorporated in the British Virgin Islands with limited liability, and is a direct wholly-owned subsidiary of Alibaba Holding. Alibaba Holding is a company incorporated in the Cayman Islands and its American depositary 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. The principal business of the TM Home Minority Shareholder is to hold Alibaba Holding's strategic investments.

TM Home

TM Home was incorporated on 29 January 2021 for the purpose of developing the Tmall Haofang online real estate marketing and transaction platform through TM Home WFOE. TM Home was jointly established by the Group and the TM Home Minority Shareholder with a paid up share capital of US\$1,500,000, which currently is owned as to approximately 29.77% by the TM Home Minority Shareholder and approximately 70.23% by the Company as at the date of this circular. TM Home is currently engaged in the businesses of online real estate marketing and transaction platform operation. Upon completion of the Restructuring, TM Home will (a) hold and operate the Company's two stable lines of business, being (i) the real estate data and consulting services business currently operated under CRIC and (ii) the online real estate marketing service business in partnership with Tmall Network, and (b) hold a controlling stake in Leju, which is a leading online-to-offline real estate services provider in the PRC and principally engaged in offering real estate e-commerce, online advertising, and online listing services through its online platform. TM Home will not operate or hold the Company's real estate brokerage network services conducted under the "Fangyou" brand name.

Set out below is a summary of the unaudited consolidated financial information of TM Home Group (prepared in accordance with the Hong Kong Financial Reporting Standards) for the two financial years ended 31 December 2021 and 2022 based on the unaudited management accounts of the TM Home Group:

	For the year ended 31 December 2022	For the year ended 31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	3,881,570	252,905
Net Loss before tax	(1,765,127)	(484,674)
Net Loss after tax	(1,690,656)	(429,197)

Based on the unaudited consolidated financial information of the TM Home Group, the net asset value of the TM Home Group was approximately RMB206 million, as of 31 December 2022.

LETTER FROM THE BOARD

Listing Rules Implications

As of the date of this circular, the TM Home Minority Shareholder is a holder of approximately 29.77% of the issued share capital of TM Home, which is a subsidiary of the Company, and therefore a connected person at subsidiary level of the Company. Since all of the Company, the TM Home Minority Shareholder and TM Home are parties to the Share Subscription Agreement and the transactions contemplated under the Share Subscription Agreement are interlinked, the Company considers that all transactions contemplated under the Share Subscription Agreement (including, among others, (i) the TM Home Share Issuance, (ii) the Company's payment of the Incentive Fee, and (iii) the Triggered Transfer) should be treated as a single series of transactions. As one or more of the applicable percentage ratios in respect of the Share Subscription Agreement is more than 5% but less than 25%, such transactions constitute a disclosable and connected transaction of the Company and are subject to (x) the notification and announcement requirements under Chapter 14 of the Listing Rules, and (y) the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rule.

The Independent Board Committee comprising Mr. Zhang Bang, Mr. Zhu Hongchao, Mr. Wang Liqun and Mr. Li Jin, being all the independent non-executive Directors, has also been established to advise the Independent Shareholders in relation to the TM Home Share Issuance in accordance with Chapter 14A of the Listing Rules.

The letter from the Independent Board Committee is set out on page 27 of this circular. The letter from Zero2IPO Capital Limited to the Independent Board Committee and the Independent Shareholders is set out on pages 28 to 47 of this circular.

Extraordinary General Meeting

The Extraordinary General Meeting will be held at 3:00 p.m. on Thursday, 27 July 2023 at Conference Room, 1/F, Yinli Building, 383 Guangyan Road, Jing'an District, Shanghai, China for the Shareholders to consider, and if thought fit, approve the resolutions contained in the Notice of Extraordinary General Meeting. The voting in relation to such resolutions will be conducted by way of poll. The notice of the Extraordinary General Meeting is set out on pages 52 to 54 of this circular.

Pursuant to the Listing Rules and the Articles of Association, any vote of Shareholders at a general meeting must be taken by poll except where the chairman of such meeting, in good faith, decides to allow a resolution relating purely to a procedural or administrative matter to be voted on by a show of hands pursuant to the Listing Rules. An announcement on the poll results will be published by the Company after the Extraordinary General Meeting in the manner prescribed under the Listing Rules.

LETTER FROM THE BOARD

Under Rule 14A.36 of the Listing Rules, any shareholder who has a material interest in a proposed transaction must abstain from voting at the relevant general meeting on the relevant resolution(s). As at the Latest Practicable Date, (i) TM Home Minority Shareholder is a holder of approximately 29.77% of the shares in the share capital of TM Home, which is a subsidiary of the Company, and therefore a connected person at subsidiary level of the Company; (ii) Taobao China is a holder of 145,588,000 Shares, representing approximately 8.324% of the total issued share capital of the Company; and (iii) the TM Home Minority Shareholder and Taobao China are both wholly-owned subsidiaries of Alibaba Holding. As such, Taobao China, being an associate of TM Home Minority Shareholder, will abstain from voting on the resolution(s) to be passed at the Extraordinary General Meeting in respect of the transactions contemplated under the Share Subscription Agreement. As at the Latest Practicable Date, to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, all Shareholders who are required to abstain from voting at the Extraordinary General Meeting control the voting rights in respect of their Shares in the Company. As at the Latest Practicable Date, to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, save as disclosed in this circular, none of the other Shareholders must abstain from voting on the resolutions in relation to the transactions contemplated under the Share Subscription Agreement.

A form of proxy for use at the Extraordinary General Meeting is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ehousechina.com). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the Extraordinary General Meeting (i.e. before 3:00 p.m. on Tuesday, 25 July 2023) or any adjournment thereof. Completion and delivery of the form of proxy will not preclude Shareholders from attending and voting in person at the Extraordinary General Meeting if they so wish and in such event, the proxy form shall be deemed to be revoked.

The register of members of the Company will be closed from Monday, 24 July 2023 to Thursday, 27 July 2023, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the Extraordinary General Meeting, during which period no share transfers will be registered. To be eligible to attend the Extraordinary General Meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 21 July 2023.

LETTER FROM THE BOARD

5. RECOMMENDATION

For the purpose of the Extraordinary General Meeting, the Board has established the Independent Board Committee comprising all the independent non-executive Directors to advise the Independent Shareholders in relation to the transactions contemplated under the Share Subscription Agreement. The letter of advice from the Independent Board Committee is set out on page 27 of this circular.

The Company has also appointed Zero2IPO Capital Limited to be the independent financial adviser of the Company, to advise the Independent Board Committee and the Independent Shareholders in this regard. The letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 28 to 47 of this circular.

In respect of the transactions contemplated under the Share Subscription Agreement, the Directors (including the members of the Independent Board Committee, whose views are set out in the letter from the Independent Board Committee on page 27 of this circular, but excluding Ms. Jiang Shanshan) consider that the Share Subscription Agreement and the transactions contemplated thereunder are: (i) fair and reasonable; (ii) on normal commercial terms or better; and (iii) in the interests of the Company and its Shareholders as a whole. Ms. Jiang Shanshan has abstained due to her employment with Alibaba Holding, which is an associate of the TM Home Minority Shareholder. Accordingly, the Directors (excluding Ms. Jiang Shanshan who has abstained) recommend the Independent Shareholders to vote in favor of the proposed resolution in this regard to be proposed at the EGM.

In respect of the termination of the Original BCA, the SCA and the IPLA, the Directors consider that the proposed resolution in this regard set out in the notice of the EGM is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the foregoing resolution to be proposed at the EGM.

6. ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the appendix to this circular.

Yours faithfully,
E-House (China) Enterprise Holdings Limited
Zhou Xin
Chairman



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)

6 July 2023

To the Independent Shareholders of the Company

Dear Sir/Madam,

**DISCLOSABLE AND CONNECTED TRANSACTION
IN RELATION TO THE TM HOME SHARE ISSUANCE**

We refer to this circular of the Company dated 6 July 2023 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise.

We, being the independent non-executive Directors, have been appointed as the Independent Board Committee to advise the Independent Shareholders in respect of the TM Home Share Issuance pursuant to the Share Subscription Agreement. Zero2IPO Capital Limited has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board as set out on pages 10 to 26 of the Circular and the letter from the Independent Financial Adviser as set out on pages 28 to 47 of the Circular.

Having considered the information set out in the letter from the Board, the terms of the Share Subscription Agreement and the transactions contemplated thereunder, the advice of the Independent Financial Adviser in relation thereto as set out in their letter, we concur with the Independent Financial Adviser’s views and consider that the Share Subscription Agreement and the transactions contemplated thereunder are: (i) fair and reasonable; (ii) on normal commercial terms or better; and (iii) in the interests of the Company and its Shareholders as a whole, although the Share Subscription Agreement and the transactions contemplated thereunder are not entered into in the ordinary and usual course of business of the Company.

Accordingly, we recommend the Independent Shareholders to vote in favor of the resolution to be proposed at the Extraordinary General Meeting to approve the Share Subscription Agreement and the transactions contemplated thereunder.

Yours faithfully,

Independent Board Committee
Mr. Zhang Bang, Mr. Zhu Hongchao,
Mr. Wang Liqun, Mr. Li Jin
Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice from Zero2IPO Capital Limited to the Independent Board Committee and the Independent Shareholders in respect of the Share Subscription Agreement for the purpose of incorporation in this circular.



To the Independent Board Committee and the Independent Shareholders

Dear Sirs/Madams,

DISCLOSABLE AND CONNECTED TRANSACTION IN RELATION TO THE TM HOME SHARE ISSUANCE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders with respect to the Share Subscription Agreement and the transactions contemplated thereunder (“**TM Home Share Issuance**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 6 July 2023 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

According to the Board Letter, in order to give effect to the New Schemes, the Company and the TM Home Minority Shareholder intend to cause TM Home to issue the First Subscription Shares on the date of the First SSA Completion and the Second Subscription Shares on the date of the Second SSA Completion, and the Company has agreed to subscribe for the First Subscription Shares and the Second Subscription Shares upon the terms and subject to the conditions set out in the Share Subscription Agreement.

On 2 April 2023, the Company, the TM Home Minority Shareholder and TM Home entered into the Share Subscription Agreement pursuant to which the Company and the TM Home Minority Shareholder, as shareholders of TM Home, have agreed to cause TM Home to issue, and the Company has agreed to subscribe the First Subscription Shares on the date of the First SSA Completion and the Second Subscription Shares on the date of the Second SSA Completion. Under the Share Subscription Agreement, the TM Home Minority Shareholder has agreed to waive any pre-emptive rights it may have to subscribe for additional shares in TM Home in relation to both the First TM Home Share Issuance and the Second TM Home Share Issuance.

TM Home was jointly established by the Group and the TM Home Minority Shareholder with a paid up share capital of US\$1,500,000, which is currently owned as to approximately 29.77% by the TM Home Minority Shareholder and approximately 70.23% by the Company as

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

at the date of this circular. Upon completion of the First TM Home Share Issuance, it is expected that the Company and the TM Home Minority Shareholder will directly hold approximately 89.207% and 10.793%, respectively, of the issued share capital of TM Home. On or prior to the completion of the Second TM Home Share Issuance, TM Home will undergo a reverse share split to convert each 1,000 of its shares into 1 share. Upon completion of the Second TM Home Share Issuance, it is expected that the Company and the TM Home Minority Shareholder will directly hold 99.212% and 0.788%, respectively, of the issued share capital of TM Home. The First TM Home Share Issuance is conditional upon, among other things (i) the Company obtaining from the holders of the 2022 Notes and the 2023 Notes waivers to certain provisions under the indenture governing the 2022 Notes and the indenture governing the 2023 Notes, respectively, and (ii) the Company paying the TM Home Minority Shareholder, on the date of the First SSA Completion, an Incentive Fee in an amount of US\$1,275,000 in consideration for the TM Home Minority Shareholder electing not to subscribe for additional shares in TM Home.

With respect to the waivers to certain provisions under the Indentures to be obtained by the Company, the Company is restricted by a limitation on restricted payments covenant under each of the Indentures from making certain restricted payments, which include the payment of the Incentive Fee as part of the First TM Home Share Issuance, if, among other things, at the time of, and after giving effect to, the proposed restricted payment, a default has occurred and is continuing. As defaults have occurred and are continuing under the 2022 Notes and the 2023 Notes, the Company is seeking waivers from the holders of the 2022 Notes and the 2023 Notes in respect of the requirements of the foregoing covenants under the respective Indentures in order to consummate the transactions under the Share Subscription Agreement, including payment of the Incentive Fee.

On or prior to the completion of the Second TM Home Share Issuance, TM Home will undergo a reverse share split to convert each 1,000 of its shares into 1 share.

Upon completion of the Second TM Home Share Issuance, the Company and the TM Home Minority Shareholder will hold approximately 99.212% and 0.788%, respectively, of the issued share capital of TM Home. The Second TM Home Share Issuance is subject to, among other things, the Cayman Scheme and the HK Scheme having been sanctioned by the Cayman Court and the High Court, respectively and shall take place on the Restructuring Effective Date, and immediately prior to the issuance of the CB Allocation to the CB Shareholder under the Restructuring.

Under the Share Subscription Agreement, the TM Home Minority Shareholder and the Company have agreed that in the event (i) the Company has effected payment of the Incentive Fee to the TM Home Minority Shareholder in full and it is not reasonably expected that such payment would become subject to any challenge which may result in it being unwound, revoked or otherwise clawed back, (ii) the Share Subscription Agreement is terminated by reason of the condition that the Cayman Scheme and the HK Scheme having been sanctioned by the Cayman Court and the High Court, respectively, not having been satisfied and (iii) an involuntary case or other proceeding have been commenced against the Company with respect

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

to it or its debt obligations under any applicable bankruptcy, insolvency or other similar law (Trigger Date), the TM Home Minority Shareholder will, upon written request by the Company, transfer all of the shares of TM Home it holds as of the Trigger Date to the Company without any additional costs within 10 Business Days after its receipt of such request. Following the Triggered Transfer, the TM Home Minority Shareholder would cease to be a shareholder of TM Home.

With reference to the Board Letter, the TM Home Share Issuance constitute disclosable and connected transactions of the Company and are subject to the notification and announcement and Independent Shareholders' approval requirements under the Listing Rules.

An Independent Board Committee consisting of all the independent non-executive Directors namely Mr. Zhang Bang, Mr. Zhu Hongchao, Mr. Wang Liqun and Mr. Li Jin has been formed for the purposes of advising the Independent Shareholders in respect of the Share Subscription Agreement and the transactions contemplated thereunder and whose views and recommendation will be included in the circular to be dispatched by the Company.

We, Zero2IPO Capital, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

Zero2IPO Capital Limited is a licensed corporation to carry out regulated activities of advising on corporate finance under the SFO. As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Company or any other parties that could be reasonably regarded as a hindrance to our independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders. We have not acted as a financial adviser or an independent financial adviser to the Company and its associates in the past two years. Apart from the advisory fee payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have reviewed the documents including but not limited to i) the Share Subscription Agreement; ii) the Board Letter contained in the Circular therein; iii) the annual reports of the Company for the three financial years ended 31 December 2020, 2021 and 2022 (“**Annual Reports of the Company**”); iv) the unaudited consolidated financial information of the TM Home for the two financial years ended 31 December 2021 and 2022; v) the unaudited consolidated financial information of the TM Home (excluding the Company's real estate brokerage network services conducted under the “Fangyou” brand name (“**Fangyou**”)) for the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

two financial years ended 31 December 2021 and 2022; vi) the unaudited consolidated financial information of Fangyou for the two financial years ended 31 December 2021 and 2022; vii) the unaudited consolidated financial information of CRIC Holdings Limited (“**CRIC Holdings**”) for the two financial years ended 31 December 2021 and 2022; viii) the Restructuring Support Agreement (CB); ix) the new BCA between TM Home, TM Home WFOE and Tmall Network; x) the summarized calculation of Old Notes and Convertible Note and the consideration of the New Schemes; and xi) the relevant supporting documents provided by the Company to formulate our opinion and recommendations. We also held discussions with the Company, the Directors and the management of the Group (“**Management**”) from time to time.

We have relied, without assuming any responsibility for independent verification, on the information, opinions and facts supplied and representations made to us by the Directors and Management, who have assumed full responsibility for the accuracy of the information contained in the Circular, and that any information and representations made to us are true, accurate and complete in all material respects as at the date hereof and that they may be relied upon. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company. We have discussed with the Management regarding their plans and prospects of the Company. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable, and we have not independently verified the accuracy of such information. We have also assumed that statements and representations made or referred to in the Circular were accurate at the time they were made and continue to be accurate at the date of the extraordinary general meeting.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company and TM Home or their respective subsidiaries or associates. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any shares or any other securities of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

The principal factors and reasons we have taken into account in assessing the TM Home Share Issuance to the Independent Board Committee and the Independent Shareholders are set out below:

1. Background of and the reasons for the Share Subscription Agreement

Information of the Old Note and Convertible Bond

With reference to the RSA Announcement, the Company's offshore indebtedness consists of the following:

- US\$200,000,000 7.625% senior notes due 2022 (ISIN: XS2066636429, Common Code: 206663642) issued by Company on 18 October 2019, and the additional US\$100,000,000 7.625% senior notes due 2022 issued by Company on 14 August 2020, which have been consolidated and form a single class with the US\$200,000,000 7.625% senior notes due 2022 issued on 18 October 2019, with principal of approximately US\$298,200,000 outstanding;
- US\$200,000,000 7.60% senior notes due 2023 (ISIN: XS2260179762, Common Code: 226017976) issued by Company on 10 December 2020, and the additional US\$100,000,000 7.60% senior notes due 2023 issued by Company on 11 June 2021, which have been consolidated and form a single class with the US\$200,000,000 7.60% senior notes due 2023 issued on 10 December 2020, with principal of approximately US\$300,000,000 outstanding; and
- HK\$1,031,900,000 2.0% convertible note due 2023 issued by Company on 4 November 2020, to Alibaba.com Hong Kong Limited, with principal of approximately HK\$1,031,900,000 outstanding.

As part of Company's efforts to meet financial commitments, the Company is conducting an Invitation for Irrevocable Restructuring Support to provide increased flexibility to operations, alleviate cashflow pressure, waive certain restrictions under the Old Notes Indentures in order to implement the Restructuring and manage default risk.

Information of the New Schemes

The Company intends to communicate actively with other creditors to address liquidity issues consensually and amicably and within a reasonable timeframe. In the meantime, the Company will continue to prioritize the stabilization of operations with a view to preserve revenue and cash generation.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

With reference to the Board Letter, the Company intends to propose the New Schemes to holders of the Old Notes and the holder of the Convertible Note. If each of the New Schemes are sanctioned by the relevant court and become effective, on the Restructuring Effective Date, the Company will pay the restructuring consideration to the participating Scheme Creditors, consisting (i) US\$60 per US\$1,000 (or the HK\$ equivalent) of the Scheme Creditor Claim held by each Scheme Creditor at the Record Time, payable in cash; (ii) in the case of a Scheme Creditor that is a holder of the Old Notes, shares in Creditor SPV (defined below) issued pro rata by reference to the Scheme Creditor Claim that each such Scheme Creditor held at the Record Time as a proportion to the Scheme Creditors' Claims of such Scheme Creditors; and (iii) on the Restructuring Effective Date, the Company will cause TM Home to issue a number of new shares of TM Home to Creditor SPV and the CB Shareholder, pro rata by reference to the proportion of the aggregate Scheme Creditor's Claims held by the holders of the Old Notes and the holder of the Convertible Note, respectively, at the Record Time, such that after such issuance, an aggregate 65% equity interest in the share capital of TM Home will be held collectively by Creditor SPV, the CB Shareholder and the TM Home Minority Shareholder. Following such issuance, Creditor SPV will hold approximately 54.207%, and the CB Shareholder and the TM Home Minority Shareholder will collectively hold approximately 10.793%, respectively, of the shares of TM Home. The remaining 35% of the shares of TM Home will be held by the Company and its affiliates, of which 15% will be transferred to a special purpose vehicle held by the members of senior management of TM Home appointed by the Company (i.e., Management SPV). The Company intends to fund the cash consideration under the restructuring plan with external financing, including, but not limited to, raising approximately HK\$480 million by way of a potential rights issue which is expected to be underwritten by Mr. Zhou Xin.

According to the Board Letter, the overall principle of the Restructuring is to give the Scheme Creditors a combination of cash and a controlling equity interest in TM Home, an entity that will, upon completion of the Restructuring, (a) hold and operate the Company's two stable lines of business, being (i) real estate data and consulting services business currently operated under CRIC and (ii) holding and operating the online real estate marketing service business in partnership with Tmall Network, and (b) hold a controlling stake in Leju, which is a leading online-to-offline real estate services provider in China and principally engaged in offering real estate e-commerce, online advertising, and online listing services through its online platform. This is effectively a disposal by the Group of TM Home, CRIC, Leju and their respective subsidiaries. TM Home currently operates the Company's real estate brokerage network services conducted under the "Fangyou" brand name. Such real estate brokerage network services will be transferred to the PRC Holdco, an indirect wholly-owned subsidiary of the Company, before the completion of the Disposal. TM Home will not operate or hold the Company's real estate brokerage network services conducted under the "Fangyou" brand name. The Disposal, if carried out, may be deemed as a very substantial disposal by the Company pursuant to Chapter 14 of the Listing Rules. For illustrative purposes, the total amount of the Company's outstanding debt obligation under the Old Notes and the Convertible Notes to be discharged under the New Schemes is expected to be HK\$6,328.5 million (assuming that the accrued and unpaid interest is calculated up to 30 June 2023).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In order to implement the New Schemes, the Company entered into the Restructuring Support Agreement (CB), the Share Subscription Agreement and the New BCA.

The Company also intends to launch an Invitation for Irrevocable Restructuring Support to invite submission from holders of the Old Notes of a duly executed accession deed to the Restructuring Support Agreement (Old Notes) to support the potential restructuring of the Old Notes and the Convertible Note which may be implemented via the New Schemes. According to the Board Letter, the Company expects to complete the transactions under the Restructuring in the following sequence:

- (i) Upon the Shareholders' approval for the proposed resolutions to be proposed at the EGM and all other conditions to the First TM Home Share Issuance being satisfied or waived, the Company expects completion of the First TM Home Share Issuance to take place on the third business day after the satisfaction (or waiver) of the last in time of the relevant conditions. The First TM Home Share Issuance is not conditional upon the petitioning to the relevant courts for the New Schemes.
- (ii) As stated above, the Rights Issue is conditional upon the Company having obtained the Shareholders' approval for (i) the TM Home Share Issuance at the EGM, and (ii) the Disposal and the Rights Issue at one or more general meeting(s) of the Shareholders. Assuming the Shareholders' approval for all transactions in relation to the New Schemes that require shareholders' approval in accordance with the Listing Rules and the Takeovers Code having been obtained and all other conditions under the underwriting agreement and the placing agreements having been satisfied, the Company expects the Rights Issue to take place before the Restructuring Effective Date and the dealings in fully-paid rights shares to commence in October 2023. The Rights Issue is not conditional upon the petitioning to the relevant courts for the New Schemes, and will be completed prior to the completion of the Second TM Home Share Issuance and the Disposal. In the event that the conditions under the underwriting agreement and the placing agreements in connection with the Rights Issue are not satisfied or waived, the Company will consider using other means to raise funds to fulfill the Cash Consideration under the New Schemes.
- (iii) Each of the Second TM Home Share Issuance and the Disposal is conditional upon the relevant courts sanctioning the New Schemes. In addition, the Disposal is expected to be conditional upon the Shareholders' approval to be obtained at a separate general meeting of the Shareholders. Assuming each of the relevant courts having sanctioned the New Schemes and all other conditions under the Share Subscription Agreement to the Second TM Home Share Issuance having been satisfied, the Company expects the Second TM Home Share Issuance to take place on the same day as the date of, and immediately prior to, the Disposal. Following the Second TM Home Share

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Issuance and assuming the Shareholders' approval for the Disposal having been obtained, the Company will, among other things, cause the Disposal to occur on the Restructuring Effective Date.

- (iv) The New Schemes will become effective on the Restructuring Effective Date, which will take place after the completion of the TM Home Share Issuance and the Rights Issue. The Disposal will take place on the Restructuring Effective Date.

Information on the Company

With reference to the Board Letter, the Company mainly offers real estate agency services in the primary market, real estate data and consulting services and real estate brokerage network services. The Company serves real estate developers, buyers, brokerage firms and other industry participants, covering various aspects of the real estate value chain. Upon the completion of the Restructuring and the Disposal, the Group will continue to provide (i) real estate agency services in the primary market that primarily include formulating and executing marketing and sales strategies for real estate projects developed by real estate developers, promoting the projects to prospective purchasers, and facilitating sales transactions, and (ii) real estate brokerage network services under the “Fangyou” brand of integrating small and medium-sized secondary real estate brokerage stores in the PRC, and empowering them with rich resources in their business operations. The Restructuring and the Disposal serve as an integral part of the Company's plan to restructure its debt obligations and having considered its options, the Board considers that the Restructuring and the Disposal to be the most appropriate next step to meet the needs of all stakeholders while maintaining a significant portion of the Group's core businesses for operation as a leading real estate service provider in China. The Company's real estate agency services in the primary market has been the Group's main business segment since its establishment and listing on the Stock Exchange in 2018. In addition, the Group has also been providing real estate brokerage network services since its establishment. Such business segments have in aggregate contributed to more than 40% of the Group's revenue for the year ended 31 December 2022 and despite the decline in the Group's business scale as a result of the overall downturn in the real estate market caused by tightened government policies in the PRC real estate industry and the COVID-19 pandemic, the Company has, in response, strictly limited expenditures and focused on cost control and collection of receivables in the past couple of years to ensure optimization of the recovery in the aforementioned business segments. Furthermore, over the years, the Group has built certain development resilience from its entire industry chain layout in respect of the real estate marketing industry.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set forth below are the audited operating results of the Company for three years ended 31 December 2022 extracted from the Annual Reports of the Company:

	For the year ended 31 December 2022	For the year ended 31 December 2021	For the year ended 31 December 2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue	5,033,279	8,865,987	8,051,509
– Real estate agency services in the primary market	586,473	1,989,121	3,203,543
– Data and Consulting services	559,814	916,682	987,022
– Real estate brokerage network services	1,576,598	2,517,033	2,732,267
– Digital Marketing Services	2,310,394	3,443,151	1,128,677
Net profit/(loss)	(4,968,524)	(12,264,659)	439,222
Total assets	5,850,953	12,129,316	25,772,942
Total liabilities	10,878,825	12,139,311	14,279,291
Net assets/(liabilities)	(5,027,872)	(9,995)	11,493,651
Cash and cash equivalents	1,246,583	3,314,741	7,515,836

The Company's revenue decreased by 43.2% from RMB8,866.0 million in 2021 to RMB5,033.3 million in 2022. The decrease was primarily due to transformation of China's real estate market and the business disruptions affected by the COVID-19 pandemic. The Company's revenue increased by 10.1% from RMB8,051.5 million in 2020 to RMB8,866.0 million in 2021. The increase was primarily due to revenue derived from digital marketing services upon the acquisition of Leju which amounted to RMB3,443.2 million.

Revenue derived from real estate agency services in the primary market decreased by 70.5% from RMB1,989.1 million in 2021 to RMB586.5 million in 2022, primarily due to the decline of gross transaction value ("GTV") caused by the disposal of a subsidiary. Revenue derived from real estate agency services in the primary market decreased by 37.9% from RMB3,203.5 million in 2020 to RMB1,989.1 million in 2021, primarily due to the decline of GTV caused by the overall downturn in the real estate market.

Revenue derived from real estate brokerage network services decreased by 37.4% from RMB2,517.0 million in 2021 to RMB1,576.6 million in 2022. The decrease was primarily due to decline of GTV caused by the overall downturn in the real estate market. Revenue derived from real estate brokerage network services decreased by 7.9% from RMB2,732.3 million in 2020 to RMB2,517.0 million in 2021. The decrease was primarily due to the decline of GTV caused by the overall downturn in the real estate market.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Revenue derived from real estate data and consulting services decreased by 38.9% from RMB916.7 million in 2021 to RMB559.8 million in 2022 primarily due to the overall downturn of real estate market. Revenue derived from real estate data and consulting services decreased by 7.1% from RMB987.0 million in 2020 to RMB916.7 million in 2021 primarily due to the decrease of consulting services. As advised by the Management, the revenue derived from real estate data and consulting services was mainly contributed by CRIC Holdings.

Revenue derived from digital marketing services decreased by 32.9% from RMB3,443.2 million in 2021 to RMB2,310.4 million in 2022 primarily due to decrease in revenues from e-commerce services and online advertising services. Revenue derived from digital marketing services increased by 205.1% from RMB1,128.7 million in 2020 to RMB3,443.2 million in 2021 primarily due to the acquisition of Leju in November 2020. As advised by the Management, the revenue derived from digital marketing services was contributed by TM Home and Leju.

As advised by the Management, as the business under CRIC Holdings, TM Home and Leju will not merge into the financial statements of the Company after the completion of the New Schemes, the digital marketing services will be eliminated from the Company's consolidated financial statement and real estate data and consulting services will be a minor business of the Company.

Information on the TM Home Minority Shareholder

The TM Home Minority Shareholder 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 depositary 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. The principal business of the TM Home Minority Shareholder is to hold Alibaba Holding's strategic investments.

Information on TM Home

TM Home was incorporated on 29 January 2021 for the purpose of developing the Tmall Haofang online real estate marketing and transaction platform through TM Home WFOE. TM Home was jointly established by the Group and the TM Home Minority Shareholder with a paid up share capital of US\$1,500,000, which currently is owned as to approximately 29.77% by the TM Home Minority Shareholder and approximately 70.23% by the Company as at the date of this announcement. TM Home is currently engaged in the businesses of online real estate marketing and transaction platform operation. In order to implement the New Schemes, on 2 April 2023, TM Home, TM Home WFOE and Tmall Network entered into the New BCA, pursuant to which, among other things, upon the approval of the Shareholders at the EGM, the Original BCA, the SCA and the IPLA will be terminated. The New BCA also sets out terms of the transitional arrangements for the business operation of TM Home, pursuant to which,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

among other things, (i) Tmall Network and TM Home WFOE would continue the cooperation on the Tmall Haofang (天貓好房) platform business with TM Home WFOE being designated as the exclusive Tmall partner for the online real estate platform on Tmall, for the period from the date of the New BCA to 31 August 2024 and (ii) TM Home would be renamed. Upon completion of the Restructuring, TM Home will (a) hold and operate the Company's two stable lines of business, being (i) the real estate data and consulting services business currently operated under CRIC and (ii) holding and operating the online real estate marketing service business in partnership with Tmall Network, and (b) hold a controlling stake in Leju, which is a leading online-to-offline real estate services provider in China and principally engaged in offering real estate e-commerce, online advertising, and online listing services through its online platform. TM Home will not operate or hold the Company's real estate brokerage network services conducted under the "Fangyou" brand name.

Set out below is a summary of the unaudited consolidated financial information of TM Home Group (prepared in accordance with the Hong Kong Financial Reporting Standards) for the two financial years ended 31 December 2021 and 2022 based on the unaudited management accounts of the TM Home Group:

	For the year ended 31 December 2022 RMB'000 (unaudited)	For the year ended 31 December 2021 RMB'000 (unaudited)
Revenue	3,881,570	252,905
Net Loss before tax	(1,765,127)	(484,674)
Net Loss after tax	(1,690,656)	(429,197)

Based on the unaudited consolidated financial information of the TM Home Group, the net asset value of the TM Home Group was approximately RMB206 million, as of 31 December 2022.

Information on Fangyou and CRIC Holdings

Fangyou brand integrated small and medium-sized real estate brokerage companies across the country, building strong customer acquisition capabilities through multiple channels.

CRIC is the main subsidiary of CRIC Holdings, which is a leading Chinese real estate big data application service provider with information coverage in 387 cities. Relying on a strong professional research force and consulting team, CRIC serves over 95% of the top 100 real estate enterprises and provides comprehensive solutions for online and offline real estate information services for governments, enterprises, and homebuyers.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the Management, the Company plans to incorporate its relevant business of China Real Estate Research Association into CRIC Holdings. The scope of consolidated financial statement of CRIC Holdings includes CRIC Holdings related consulting services and China Real Estate Research Association related evaluation consulting services.

As TM Home will not operate or hold the Company's real estate brokerage network services conducted under the "Fangyou" brand name, Fangyou will be excluded from the consideration of TM Home. As the real estate data and consulting services business operated under CRIC Holdings will be transferred to TM Home, the value of CRIC Holdings will be consolidated in the consideration of TM Home.

For illustrative purposes, set out below is the unaudited combined financial information of TM Home Group upon completion of the Restructuring (i.e., after consolidating CRIC and excluding the Company's real estate brokerage network services conducted under the "Fangyou" brand name) for the two financial years ended 31 December 2021 and 2022, based on the unaudited management accounts of TM Home and other relevant subsidiaries of the Company:

	For the year ended 31 December 2022 RMB'000 (unaudited)	For the year ended 31 December 2021 RMB'000 (unaudited)
Revenue	2,898,786	4,337,874
Net Loss before tax	(1,219,016)	(1,516,151)
Net Loss after tax	(1,144,967)	(1,403,183)

Based on the unaudited combined financial information of TM Home Group upon completion of the Restructuring, (i) the net asset value of the TM Home Group upon completion of the Restructuring was approximately RMB592 million, as of 31 December 2022 and (ii) the TM Home Group upon completion of the Restructuring had total assets of approximately RMB4,124 million and RMB2,551 million as of 31 December 2021 and 2022, respectively. The foregoing unaudited combined financial information of the TM Home Group upon completion of the Restructuring is for illustrative purposes and for Shareholders' reference only. As confirmed by the Management, business segregation and impact of internal transaction under the Group have been considered when preparing such combined financial information of TM Home Group upon completion of the Restructuring. In the event that the Company proceeds with the Disposal, the Company will make further announcement and comply with the relevant requirements under the Listing Rules as and when appropriate.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Principal terms of the Share Subscription Agreement

Share Subscription Agreement

Date

2 April 2023

Parties

- (i) the TM Home Minority Shareholder;
- (ii) the Company; and
- (iii) TM Home

Consideration and payment Terms

Pursuant to the Share Subscription Agreement, the total consideration for the subscription will be US\$105,020.92. The consideration for the subscription for (i) the First Subscription Shares will be US\$5,020.92 (representing approximately US\$0.0001 per First Subscription Share) and (ii) the Second Subscription Shares shall be US\$100,000 (representing approximately US\$0.1 per Second Subscription Share), which will be payable by the Company in full at (x) in respect of the First Subscription Shares, the First SSA Completion and (y) in respect of the Second Subscription Shares, the Second SSA Completion. The consideration for the TM Home Share Issuance will be paid with self-owned funds by the Company to TM Home in cash by wire transfer of immediately available funds. In addition, the Incentive Fee will be payable by the Company at the First SSA Completion and will be paid in cash.

Conditions precedent to the Share Subscription Agreement

- (1) The First SSA Completion is conditional upon the satisfaction or, if applicable, waiver of the following conditions:
 - (a) there not having occurred at any time before the First SSA Completion, any event or circumstance which renders any of the TM Home Warranties (as defined in the Restructuring Support Agreement (CB)) untrue, inaccurate or misleading in any material respect;
 - (b) there not having occurred at any time before the First SSA Completion, any event or circumstance which renders any of the warranties given by the TM Home Minority Shareholder untrue, inaccurate or misleading in any material respect;
 - (c) there not having occurred at any time before the First SSA Completion, any event or circumstance which renders any of the Company Warranties (as defined in the Restructuring Support Agreement (CB)) untrue, inaccurate or misleading in any material respect;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (d) the Company having obtained the consent and waiver from holders of the Old Notes for, among other things, the transactions contemplated herein and the Restructuring;
 - (e) each of the Original BCA, the SCA and the IPLA having been terminated;
 - (f) all the authorizations, approvals, consents, waivers and permits of, and filings with, government entities which are necessary for the entry into the Share Subscription Agreement and/or the performance of the obligations hereunder or otherwise to give effect to the transactions contemplated hereunder as required by Applicable Laws (as defined in the Share Subscription Agreement) having been granted, received, obtained and completed;
 - (g) there not being in effect any Applicable Law restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by the Share Subscription Agreement; and
 - (h) the Company paying the TM Home Minority Shareholder the Incentive Fee on the date of the First SSA Completion, in consideration for the TM Home Minority Shareholder electing not to subscribe for additional shares in TM Home.
- (2) The Second SSA Completion is conditional upon the satisfaction or, if applicable, waiver of the following conditions:
- (a) there not having occurred at any time before Second SSA Completion, any event or circumstance which renders any of the TM Home Warranties untrue, inaccurate or misleading in any material respect;
 - (b) there not having occurred at any time before Second SSA Completion, any event or circumstance which renders any of the warranties given by the TM Home Minority Shareholder untrue, inaccurate or misleading in any material respect;
 - (c) there not having occurred at any time before Second SSA Completion, any event or circumstance which renders any of the Company Warranties untrue, inaccurate or misleading in any material respect;
 - (d) the courts of the Cayman Islands and Hong Kong having sanctioned the relevant Scheme filed under the laws of Cayman Islands and the laws of Hong Kong, as the case may be, and the Restructuring having become unconditional in all respects;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (e) all the authorizations, approvals, consents, waivers and permits of, and filings with, Government Entities which are necessary for the entry into the Share Subscription Agreement and/or the performance of the obligations hereunder or otherwise to give effect to the transactions contemplated hereunder as required by Applicable Laws having been granted, received, obtained and completed; and
- (f) there shall not be in effect any Applicable Law restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by the Share Subscription Agreement.

The conditions set out in (1)(a) and (2)(a) may be waived in writing in whole or in part by the Company and the TM Home Minority Shareholder. The conditions set out in (1)(b) and (2)(b) may be waived in writing in whole or in part by the Company. The conditions set out in (1)(c), (1)(e), (1)(h) and (2)(c) may be waived in writing in whole or in part by the TM Home Minority Shareholder. The conditions set out in (1)(d), (1)(f), (1)(g), (2)(d), (2)(e) and (2)(f) may not be waived by any party to the Share Subscription Agreement.

The Company shall use all reasonable endeavors to procure the satisfaction and continued satisfaction of the Conditions set out in (1) and (2) (other than the Conditions set out in (1)(a), (1)(b), (2)(a) and (2)(b)) as soon as practicable and in any event prior to (i) the First Longstop Date (i.e. 180 days after the date of the Share Subscription Agreement) in the case of the conditions to the First Subscription and (ii) the Second Longstop Date in the case of the conditions to the Second Subscription. The TM Home Minority Shareholder shall use all reasonable endeavors to procure the satisfaction and continued satisfaction of the conditions set out in (1)(b) and (2)(b) as soon as practicable and in any event prior to (i) the First Longstop Date in the case of the condition set out in (1)(b) and (ii) the Second Longstop Date in the case of the conditions set out in (2)(b). TM Home shall use its reasonable endeavors to procure the satisfaction and continued satisfaction of the Conditions set out in (1)(a), (1)(f), (1)(g), (2)(a), (2)(e) and (2)(f) as soon as practicable and in any event prior to (i) the First Longstop Date in the case of conditions to the First Subscription and (ii) the Second Longstop Date in the case of conditions to the Second Subscription.

Each party to the Share Subscription Agreement undertakes to give notice to the other parties of the occurrence of any event or circumstance that is likely to cause a condition not to be satisfied prior to (i) the First Longstop Date in the case of the First Subscription and (ii) the Second Longstop Date in the case of the Second Subscription, in each case, as soon as practicable and in any event within five (5) Business Days after becoming aware of such event or circumstance.

We have discussed with the Management in relation to the conditions precedents and we understand that there not occurred any event or circumstance which violate the conditions precedents of the implementation of the Share Subscription Agreement so far.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For our due diligence purpose, we have reviewed the Share Subscription Agreement, and conclude that (i) the Share Subscription Agreement contains contract clauses mainly such as conditions, completion, conduct of business before completion and undertakings, warrants, termination and governing law, which are similar to other circulars with share issuance cases we noted from the Stock Exchange. We are not aware of any major terms that need to bring to the Independent Board Committee and the Independent Shareholders' attention in the Share Subscription Agreement have been omitted; (ii) the transaction under Share Subscription Agreement is the key part of the implementation of the New Scheme; (iii) the relevant par value consideration is for the sole purpose of making the share transfer to be easier and reducing the unnecessary cost in order to implement the New Scheme; (iv) we have discussed and confirmed with the Management that the above conditions precedent to the Share Subscription Agreement are based on the implementation of the New Scheme as a prerequisite; (v) we have discussed with the Directors regarding conditions precedents; and (vi) our assessment on the consideration of TM Home Share Issuance under New Schemes. In summary, we concur with the view of Directors that the terms of the Share Subscription Agreement are fair and reasonable.

Reasons and benefits for entering into the Share Subscription Agreement

According to the Board Letter, the Company has been in active discussions with its advisers with the intention to formulate a restructuring plan that appropriately takes into consideration the positions of all stakeholders. As a result and in order to restructure the Company's debt obligations, including the Old Notes and the Convertible Note, the Company proposes to implement the New Schemes. In order to implement the New Schemes, the Company entered into, among others, the Share Subscription Agreement. The TM Home Share Issuance would be a significant and inseparable part of the implementation of the New Schemes. According to the Board Letter, even though the Share Subscription Agreement is neither conditional nor inter-conditional on the Rights Issue or the Disposal, the First TM Home Share Issuance and the Second TM Home Share Issuance are still the first and essential steps of the Restructuring.

As advised by the Management, the Company is facing difficulty on raising onshore and offshore financing in debts or equities given the financials, business of the Group and large amount of outstanding debts at this stage. In this regard, after discussions with the financial advisor for the Invitation for Irrevocable Restructuring Support that the New Schemes is the optimal solution for the Company to manage outstanding debts. As one important step of the New Schemes, the Share Subscription Agreement is a convenient way to achieve the purpose of the New Schemes.

Based on the confirmation of the Management, the reason of using share subscription rather than share transfer directly is mainly because the share will be derived to several creditors, and the cost of issuing new shares through par value consideration is lower and more transparent compared to share transfer directly. The share subscription

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

method is also cost effective for the Company in terms of time of negotiation at the early stage of restructuring as it's more acceptable for TM Home Minority Shareholder as it does not involve possible tax impact of transfer old shares and other administrative cost at such early stage.

After the completion of the New Schemes, according to the discussion the with the Management, the Company will i) improve its capital structure with lower default risk; ii) focus on the real estate agency services in the primary market, real estate brokerage network services business, which have always been the core business of the Group since listing in year 2018; and iii) further improve the business structure of past excessive expansion.

Having considered the above, we concur with the Directors that entering the Share Subscription Agreement is a key step of implementation of the New Schemes and the way of resolving debt obligation arising from the Old Notes and the Convertible Note, and it is in the interests of the Company and the Shareholders as a whole despite it is not in the ordinary and usual course of business of the Company.

Assessment of the Consideration of Share Subscription Agreement under New Schemes

According to the Board Letter, the total consideration for the subscription will be US\$105,020.92, with price of US\$0.0001 per First Subscription Share and US\$0.1 per Second Subscription Share.

As set out in the Letter from the Board, the subscription price of the First Subscription Shares and the Second Subscription Shares is determined by the par value of TM Home's share, which is nominal as compared to the net asset value of TM Home. The consideration of the First Subscription Shares and the Second Subscription Shares was determined by way of arm's length negotiations between the Company and the TM Home Minority Shareholder, taking into account various factors, including (i) the importance of the successful implementation of the New Schemes and the First Subscription and the Second Subscription being essential steps to the implementation of the New Schemes; (ii) the fact that the TM Home Minority Shareholder's shareholding in TM Home will be diluted significantly by the TM Home Share Issuance and the TM Home Minority Shareholder has a right to veto the TM Home Share Issuance under the existing contractual arrangements; and (iii) the debt owned by the Company to the Scheme Creditors being much higher than the estimated value of the Proposed Disposal under the New Schemes. In addition, the Incentive Fee is determined by way of arm's length negotiations between the Company and the TM Home Minority Shareholder, taking into account the portion of equity interest in TM Home acquired by the TM Home Minority Shareholder as at the time of the establishment of TM Home on 28 January 2021, being 85% of the paid up share capital of US\$1,500,000 of TM Home.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Our Analysis

As discussed with the Management, we understand that the TM Home Share Issuance is a key and essential step to fulfill the New Schemes. Therefore, instead of analyzing the consideration under the TM Home Share Issuance (“**Consideration**”), which does not have any substantive meaning, we concluded that the Consideration should be considered together with the consideration of the New Schemes and the outstanding offshore indebtedness.

According to the Board Letter, the overall principle of the Restructuring is to give the Scheme Creditors a combination of cash and a controlling equity interest in TM Home, an entity that will, upon completion of the Restructuring, (a) hold and operate the Company’s two stable lines of business, being (i) real estate data and consulting services business currently operated under CRIC Holdings and (ii) hold and operate the online real estate marketing service business in partnership with Tmall Network, and (b) holds a controlling stake in Leju Holdings Ltd. (NYSE: LEJU), a subsidiary of the Company. TM Home will not operate or hold the Company’s real estate brokerage network services conducted under the “Fangyou” brand name. The Disposal, if carried out, may be deemed as a very substantial disposal by the Company pursuant to Chapter 14 of the Listing Rules.

To give a fair view of consideration of TM Home Share Issuance under new schemes, we need to compare the overall situation of the Notes and Convertible Bonds and the assessment of consideration under this New Schemes. As advised by the Management, below is the comparison between the outstanding offshore indebtedness of the Company and the consideration that the Company will pay to the creditors under the New Schemes:

Outstanding offshore indebtedness of the Company (The accrued interest was calculated based on the assumption that the Restructuring will be completed on 30 June 2023)		Consideration under the New Schemes	
<i>Type</i>	<i>Value (HKD in million)</i>	<i>Type</i>	<i>Value (HKD in million)</i>
Principal of 2022 Notes	2,340.9	US\$60 per US\$1,000 (or the HK\$ equivalent) of the Scheme Creditor Claim held by each Scheme Creditor at the Record Time, payable in cash	379.7

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Outstanding offshore indebtedness of the Company (The accrued interest was calculated based on the assumption that the Restructuring will be completed on 30 June 2023)		Consideration under the New Schemes	
<i>Type</i>	<i>Value (HKD in million)</i>	<i>Type</i>	<i>Value (HKD in million)</i>
Accrued interest of 2022 Notes	303.4	65% equity interest in the share capital of TM Home (including business of CRIC Holdings after inner restructuring and excluding business of Fangyou) based on estimated valuation provided by the Management	2,398.1
Principal of 2023 Notes	2,355.0	The Instruction Fee (0.25% of the aggregate outstanding principal amount of the Eligible Notes plus accrued and unpaid interest on the Eligible Notes to (but excluding) 30 June 2023)	15.8
Accrued interest of 2023 Notes	278.4		
Principal of Convertible Note	1,031.9		
Accrued interest of Convertible Note	18.9		
Total	6,328.5	Total	2,793.6

1. The US dollar to Hong Kong dollar exchange rate used is 1:7.85

As mentioned above, the outstanding offshore indebtedness of the Company consist of the principal and accrued interest of 2022 Notes, 2023 Notes and Convertible Note with a total value of HKD6,328.5 million. The consideration under the New Scheme with a total value of HKD2,793.6 million is consisting of (i) US\$60 per US\$1,000 (or the HK\$ equivalent) of the Scheme Creditor Claim held by each Scheme Creditor at the Record Time, payable in cash with total estimated amount of HKD379.7 million; (ii) 65% equity

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

interest in the share capital of TM Home (including business of CRIC Holdings and excluding business of Fangyou after inner restructuring) will be held collectively by Creditor SPV, the CB Shareholder and the TM Home Minority Shareholder; and (iii) the Instruction Fee with an estimated value of HKD15.8 million. As the total assessment value of the Company' payment to the creditors under the New Schemes represents approximately 44.1% of the total value of outstanding offshore indebtedness of the Company and such difference is significantly larger, we concur with view of Directors that it is worth cooperating with TM Home Minority Shareholder to achieve the New Schemes and it is in the interests of the Company and the Shareholders.

As advised by the Management, an experienced valuer has been engaged by the Company to provide valuation of the equity interest in the share capital of TM Home (including business of CRIC Holdings and excluding business of Fangyou). Based on current status of the preparation of such valuation reports, the Management and the valuer confirmed to us that the valuation of the 65% equity interest in the share capital of TM Home (including business of CRIC Holdings and excluding business of Fangyou) would not have material difference from the current amount used in our analysis.

We also discussed with the Management that as TM Home Minority Shareholder has a veto right and plays an important part in the Restructuring under the New Schemes, the Management have discussed many times with TM Home Minority Shareholder to determine the consideration of the transaction under the Share Subscription Agreement and the way to achieve it in order to smoothen the New Schemes. We also noted that the Consideration for the share subscription under Share Subscription Agreement and the Incentive Fee of US\$105,020.92 and US\$1,275,000 respectively are significantly smaller than i) the current net asset value of RMB206.2 million as at 31 December 2022 of TM Home; and ii) cash and cash equivalent of RMB1,246.6 million as at 31 December 2022 of the Group which reduce the financial burden of the Group and to achieve the New Schemes.

Having considered above, we concur with view of Directors that the consideration of the transaction under the Share Subscription Agreement is fair and reasonable given it is a step to achieving the New Schemes.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Share Subscription Agreement are on normal commercial terms and are fair and reasonable so far based on the whole New Schemes as the Independent Shareholders are concerned; and (ii) the Share Subscription Agreement are in the interests of the Company and the Shareholders as a whole despite not being in the ordinary and usual course of business. Accordingly, we recommend the Independent Board Committee and the Independent Shareholders to vote in favour of the resolution(s) in this regard.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable inquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

As of the Latest Practicable Date and in accordance with the records of the Company maintained in accordance with the SFO and the Listing Rules, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the chief executives of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) are as follows:

Name of Director/ chief executive	Nature of interest	Number of Shares	Approximate percentage of the Company’s total issued share capital ⁽¹⁾
Mr. Zhou Xin ⁽²⁾	Interest in controlled corporations and beneficial owner	413,073,499 (L)	23.62%
Mr. Huang Canhao ⁽³⁾	Beneficial owner	9,600,000 (L)	0.55%
Dr. Ding Zuyu ⁽³⁾	Beneficial owner	9,600,000 (L)	0.55%
Dr. Cheng Li-Lan ⁽³⁾	Beneficial owner	1,446,000 (L)	0.08%

Notes:

- (1) The calculation is based on the total number of 1,749,059,530 Shares in issue as at the Latest Practicable Date.
- (2) 413,073,499 Shares are held as to 228,920,000 Shares by CRE Corp, 146,918,440 Shares by E-House (China) Holdings, 20,000,000 Shares by On Chance and 2,775,059 Shares by Regal Ace, respectively, and including 14,460,000 Shares to be issued upon exercise of options granted under the Pre-IPO Share Option Scheme of the Company. CRE Corp is a wholly-owned subsidiary of E-House (China) Holdings, itself a wholly-owned subsidiary of E-House Holdings. E-House Holdings is held as to 33.13% by On Chance, 14.65% by Jun Heng, and 52.22% by Mr. Zhou Xin. Jun Heng is wholly-owned by On Chance, which is in turn wholly-owned by Mr. Zhou Xin. Regal Ace is wholly-owned by Mr. Zhou Xin.
- (3) These Shares represent the Shares to be issued upon exercise of options granted under the Pre-IPO Share Option Scheme of the Company.
- (4) The letter “L” denotes the person’s long position (as defined under Part XV of the SFO) in the Shares.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to any Director or the chief executive of the Company, none of the Directors or the chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executives of the Company are taken or deemed to have under such provisions of the SFO); or were required to be and are recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, the following Directors were directors or employees of companies which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO:

- (a) Mr. Zhou Xin is a director of CRE Corp, E-House (China) Holdings, E-House Holdings, On Chance and Regal Ace;
- (b) Mr. Huang Canhao is a director of CRE Corp and E-House (China) Holdings;
- (c) Ms. Jiang Shanshan is an employee of Alibaba Holding; and
- (d) Mr. Yang Yong is an employee of Vanke.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other Director who was a director or employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. FURTHER INFORMATION CONCERNING DIRECTORS

(a) Directors' service contracts

As at the Latest Practicable Date, none of the Directors had entered, or was proposing to enter, into any service contract with any member of the Group (excluding contracts expiring or determinable by such member of the Group within one year without payment of compensation (other than statutory compensation)).

(b) Directors' interest in competing business

As at the Latest Practicable Date, none of the Directors or their respective close associate is or was interested in any business apart from the Group's business, that competes or is likely to compete, either directly or indirectly, with the Group's business.

(c) Directors' interest in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which had been, since 31 December 2022, the date of which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

(d) Directors' interest in contracts

As at the Latest Practicable Date, there is no contract or arrangement subsisting in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

4. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2022, the date to which the latest published audited financial statements of the Company were made up.

6. EXPERT

The following is the qualification of the expert or professional adviser who has given opinion or advice contained in this circular:

Name	Qualification
Zero2IPO Capital Limited	A licensed corporation under the SFO, licensed to carry on Type 6 (advising on corporate finance) regulated activities

Zero2IPO Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Zero2IPO Capital Limited:

- (a) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (b) was not interested, directly or indirectly, in any assets which have been or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022, being the date to which the latest published audited accounts of the Company were made up.

7. MISCELLANEOUS

The headquarters of the Company is located at 11/F, Yinli Building, 383 Guangyan Road, Jing'an District, Shanghai 200072, China. The registered office of the Company is located at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business of the Company in Hong Kong is located at 40th Floor, Dah Sing Financial Centre, 248 Queen's Road East, Wan Chai, Hong Kong.

Mr. Cheng Ching Kit was appointed as the Company's company secretary on 12 June 2018. Mr. Cheng is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

The branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

8. DOCUMENTS ON DISPLAY

Copies of the following documents published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ehousechina.com) for 14 days from the date of this circular:

- (a) the Share Subscription Agreement;
- (b) a letter of advice from Zero2IPO Capital Limited, the text of which is set out on pages 28 to 47 of this circular; and
- (c) the written consent from Zero2IPO Capital Limited referred to in pages 50 to 51 of this circular.



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 and Debt Stock Code: 40507)

Notice is hereby given that an extraordinary general meeting (the “**Extraordinary General Meeting**”) of E-House (China) Enterprise Holdings Limited (the “**Company**”) will be held at Conference Room, 1/F, Yinli Building, 383 Guangyan Road, Jing’an District, Shanghai, China on Thursday, 27 July 2023 at 3:00 p.m. for the following purposes and to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

1. “THAT:

- (a) the terms and conditions of the Share Subscription Agreement (as defined in the circular of the Company dated 6 July 2023) and all the transactions contemplated thereunder be and are hereby approved and confirmed; and
- (b) any Director be and is hereby authorized to do such acts and things, to sign and execute all such further documents (in case of execution of documents under seal, to do so by any two Directors or any Director together with the secretary of the Company) and to take such steps as he/she may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Share Subscription Agreement or any transactions contemplated thereunder and all other matters incidental thereto or in connection therewith, and to agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith.”

2. “THAT:

- (a) the Original BCA, the SCA and the IPLA, and all the transactions contemplated thereunder, be and are hereby terminated; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) any Director be and is hereby authorized to do such acts and things, to sign and execute all such further documents (in case of execution of documents under seal, to do so by any two Directors or any Director together with the secretary of the Company) and to take such steps as he/she may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the termination of the Original BCA, the SCA and the IPLA or any transactions contemplated under any of them and all other matters incidental thereto or in connection therewith, and to agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith.”

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

Hong Kong, 6 July 2023

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (1) All resolutions at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”). The results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited and the Company in accordance with the Listing Rules.
- (2) Any shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy.
- (3) In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting (i.e. before 3:00 p.m. on Tuesday, 25 July 2023) or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (4) For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Monday, 24 July 2023 to Thursday, 27 July 2023, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Extraordinary General Meeting, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Friday, 21 July 2023.

As at the date of this notice, 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, Ms. Jiang Shanshan, Mr. Yang Yong and Mr. Song Jiajun as non-executive Directors, and Mr. Zhang Bang, Mr. Zhu Hongchao, Mr. Wang Liquan and Mr. Li Jin as independent non-executive Directors.