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 advisers.

If you have sold or transferred all your shares in E-House (China) Enterprise Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or transferee.

THIS CIRCULAR MUST BE READ IN CONJUNCTION WITH THE CIRCULAR IN RELATION TO THE DISPOSAL, THE SPECIAL DEAL 2 AND THE SPECIAL DEAL 3 TO BE ISSUED BY THE COMPANY.

易居企业集团

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)

(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWELVE (12) RIGHTS SHARES FOR EVERY TEN (10) SHARES HELD ON THE RECORD DATE; (II) CONNECTED TRANSACTION IN RELATION TO THE UNDERWRITING AGREEMENT; (III) APPLICATION FOR WHITEWASH WAIVER; (IV) SPECIAL DEALS; AND (V) NOTICE OF EXTRAORDINARY GENERAL MEETING

Placing Agents

(in alphabetical order)

CICC 中金公司

CRIC 克而瑞證券 CRIC SECURITIES CO. LTD

Independent Financial Adviser

邁時資本 MAXA CAPITAL

A letter from each of the Listing Rules IBC and Takeovers Code IBC containing its recommendation to the Independent Shareholders are set out on pages 66 to 67 and pages 68 to 70 of this circular, respectively. A letter from Maxa Capital Limited, containing its advice to the Takeovers Code IBC, the Listing Rules IBC and the Independent Shareholders, is set out on pages 71 to 104 of this circular.

A notice convening the EGM to be held at Conference Room, 1/F, Yinli Building, 383 Guangyan Road, Jing'an District, Shanghai, China at 10:00 a.m. on Wednesday, 31 January 2024 is set out on pages 145 to 149 of this circular. Whether or not you are able to attend the EGM, please complete the form of proxy enclosed in accordance with the instructions printed thereon and return it to the Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as practicable, but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be). Should you so wish and in such event, the form of proxy shall be deemed to be revoked.

It should be noted that the Underwriting Agreement contains provisions entitling the Underwriter, by notice in writing to the Company served prior to 4:00 p.m. on Thursday, 7 March 2024, to terminate the obligations of the Underwriter thereunder on the occurrence of certain events. Such events are set out in the section headed "Termination of the Underwriting Agreement" of this circular. If the Underwriter terminates the Underwriting Agreement, or the Rights Issue does not become unconditional, the Rights Issue will not proceed.

For details of the Disposal, please refer to the announcement and circular in relation to the Disposal, the Special Deal 2 and the Special Deal 3 to be issued by the Company. The Disposal is expected to constitute a very substantial disposal pursuant to Rule 14.29 of the Listing Rules and be therefore subject to notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules. The Disposal EGM will be convened on the same date as the date of the EGM, namely Wednesday, 31 January 2024. This circular must be read in conjunction with the circular in relation to the Disposal, the Special Deal 2 and the Special Deal 3 to be issued by the Company. Shareholders should review the aforementioned two circulars together before making their decisions as to voting at the EGM and the Disposal EGM.

30 November 2023

CONTENTS

In this circular, unless the context otherwise requires, the following terms shall have the following meaning:

"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
"acting in concert"	has the meaning ascribed thereto under the Takeovers Code
"AFRC"	means the Accounting and Financial Reporting Council
"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)
"associate(s)"	has the same meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors

"Business Day(s)"	any day(s) (excluding Saturday and Sunday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a "black" rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
"Cayman Scheme"	the scheme of arrangement proposed to be effected pursuant to section 86 of the Cayman Companies Act 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
"Cayman Scheme Meetings"	collectively, the CB Holder Cayman Scheme Meeting and the Noteholder Cayman Scheme Meeting
"CB Holder"	Alibaba.com Hong Kong Limited, the Noteholder (as defined in the Note Instrument) of the Convertible Note, an associate of Taobao China and a company incorporated under the laws of Hong Kong with limited liability and indirectly wholly owned by Alibaba Holding
"CB Holder Cayman Scheme Meeting"	a meeting of the CB Holder 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
"CB Holder HK Scheme Meeting"	a meeting of the CB Holder 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
"CB Shareholder"	the CB Holder or, at the CB Holder's election, any affiliate of the CB Holder
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC

"CCASS Operational Procedures"	a document which stipulates the operation, services, available facilities of CCASS and the procedures to be followed by participants of CCASS
"Chairman"	chairman of the Board
"China Clear"	China Securities Depository and Clearing Corporation Limited
"CICC"	China International Capital Corporation Hong Kong Securities Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), and Type 6 (advising on corporate finance) regulated activities under the SFO
"CICC Placing Agreement"	the placing agreement dated 19 June 2023 entered into between the Company and CICC in relation to the Placing
"Company"	E-House (China) Enterprise Holdings Limited (易居(中國)企業控股有限公司) (formerly known as Fangyou Information Technology Company Limited (房友信息技術有限公司)), an exempted company with limited liability incorporated under the laws of the Cayman Islands on 22 February 2010 (Stock Code: 2048)
"Compensatory Arrangements"	the arrangements involving the placing of the Unsubscribed Rights Shares, if any, by the Placing Agents on a best effort basis pursuant to the Placing Agreements in accordance with Rule 7.21(1)(b) of the Listing Rules
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"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 and guaranteed by certain subsidiaries of the Company which provided unconditional and irrevocable guarantees to secure the Company's obligations under the Old Notes, as amended and supplemented from time to time

"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, ultimately controlled by Mr. Zhou Xin and one of our substantial shareholders, the director of which is Mr. Zhou Xin
"Creditor SPV"	a company to be set up by the Company for the purpose of holders of the Old Notes, all the shares of which, on the Restructuring Effective Date, will be allocated pro rata to the Scheme Creditors holding the Old Notes 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
"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 prior to the completion of the Disposal
"CRIC Capital Service"	CRIC Capital Service Holdings Limited (克而瑞資本服務控股有限公司), a company incorporated in the British Virgin Islands with limited liability, which is an associate of Mr. Zhou Xin and a connected person of the Company
"CRIC Securities"	CRIC Securities Company Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities), and Type 9 (asset management) regulated activities under the SFO
"CRIC Securities Placing Agreement"	the placing agreement dated 19 June 2023 entered into between the Company and CRIC Securities in relation to the Placing
"CSRC"	the China Securities Regulatory Commission
"CSRC Filing Requirements"	the "Filing Requirements for Hong Kong Listed Issuers Making Rights Issues to Mainland Shareholders through Mainland-Hong Kong Stock Connect" (Announcement [2016] No. 21) promulgated by the CSRC
"Director(s)"	the director(s) 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 Claims held by the holders of the Old Notes and the CB Holder, respectively, at the Record Time, representing an aggregate 65% equity interest in TM Home’s enlarged share capital after such issuance
“Disposal EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Disposal, the Special Deal 2 and the Special Deal 3
“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, ultimately controlled by Mr. Zhou Xin 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, ultimately controlled by Mr. Zhou Xin and one of our substantial shareholders, the director of which is Mr. Zhou Xin
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deal 1 and the transactions contemplated thereunder, and the Whitewash Waiver
“Equity Transfer Agreements”	the equity transfer agreement dated 31 July 2020 entered into between the Company and the SINA Parties in respect of the acquisition of ordinary shares and ADSs in Leju and the issuance of the aggregate of 245,595,230 Shares of US$0.00001 each in the capital of the Company to be issued at the Issue Price to the Zhou Parties and the SINA Parties and the equity transfer agreement dated 31 July 2020 entered into between the Company and the Zhou Parties in respect of the acquisition of ordinary shares and ADSs in Leju and the issuance of the aggregate of 245,595,230 Shares of US$0.00001 each in the capital of the Company to be issued at the Issue Price to the Zhou Parties and the SINA Parties

"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any of his or her delegate(s)
"Group"	the Company, its subsidiaries and its consolidated affiliated entities held through contractual arrangements from time to time
"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
"HK Scheme Meetings"	collectively, the CB Holder HK Scheme Meeting and the Noteholder HK Scheme Meeting
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Financial Adviser"	Maxa Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company, for the purpose of advising (i) the Listing Rules IBC and the Independent Shareholders in respect of the Rights Issue, the Placing Agreements and the Underwriting Agreement; and (ii) the Takeovers Code IBC and the Independent Shareholders in relation to the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deals and the Whitewash Waiver, and as to the voting action therefor

"Independent Shareholder(s)"	the Shareholders other than Mr. Zhou Xin, his associates and parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace), Taobao China and its associates (including the CB Holder) and any Shareholders who are involved in, or interested in (other than by being a Shareholder), or have a material interest in the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deals and the transactions contemplated thereunder and/or the Whitewash Waiver
"Independent Third Party(ies)"	third party(ies) who is not a connected person of the Company within the meaning ascribed to it under the Listing Rules
"Irrevocable Undertaking"	the irrevocable undertaking given by Mr. Zhou Xin in favour of the Company under the Underwriting Agreement and described in the paragraph headed "The Irrevocable Undertaking" under the section headed "Proposed Rights Issue" in this circular
"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 and ultimately controlled by Mr. Zhou Xin
"Last Trading Day"	19 June 2023, being the last trading day of the Shares on the Stock Exchange immediately prior to the publication of the Rights Issue Announcement
"Latest Practicable Date"	27 November 2023, being the latest practicable date for the determination of certain information prior to the publication of this circular
"Latest Time for Acceptance"	4:00 p.m. on Thursday, 29 February 2024, or such other time or date as may be agreed in writing between the Company and the Underwriter, being the latest time for acceptance of and payment for the Rights Shares
"Latest Time for Termination"	4:00 p.m. on Thursday, 7 March 2024, or such other time or date as may be agreed between the Company and the Underwriter in writing, being the latest time to terminate the Underwriting Agreement

"Leju"	Leju Holdings Limited, a company incorporated in the Cayman Islands with limited liability on 20 November 2013 and listed on NYSE with stock symbol LEJU, and is a subsidiary of the Company prior to the completion of the Disposal
"Listing Committee"	has the same meaning ascribed thereto under the Listing Rules
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Listing Rules IBC"	the independent committee of the Board, comprising all the independent non-executive Directors, Mr. Zhang Bang, Mr. Zhu Hongchao, Mr. Wang Liqun and Mr. Li Jin, which has been established in accordance with the Listing Rules to give recommendation to the Independent Shareholders in respect of the Rights Issue, the Placing Agreements, the Underwriting Agreement and the transactions contemplated thereunder respectively, and as to the voting action therefor
"Macau"	the Macao Special Administrative Region of the PRC
"Management SPV"	a special purpose vehicle for the purpose of holding shares in TM Home by certain members of senior management of the Company, none of them being a Shareholder
"Mr. Zhou Xin"	Mr. Zhou Xin, a substantial shareholder, executive Director and chairman of the Company
"NASDAQ"	National Association of Securities Dealers Automated Quotations
"New Schemes"	the Cayman Scheme and the HK Scheme
"No Action Shareholders"	those Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renouncees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed, or Non-Qualifying Shareholders (as the case may be)

"Non-Hong Kong Shareholder(s)"	Shareholder(s) whose address(es) on the register of members of the Company as of the close of business on the Record Date is(are) outside Hong Kong
"Non-Qualifying Shareholder(s)"	those Non-Hong Kong Shareholder(s) to whom the Directors, after making enquiries, consider it necessary or expedient not to offer the Rights Shares on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
"Noteholders Cayman Scheme Meeting"	means a meeting of the Scheme Creditors other than the CB Holder 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
"Noteholders HK Scheme Meeting"	means a meeting of the Scheme Creditors other than the CB Holder 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
"NQS Rights Shares"	the Rights Share(s) which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form
"NYSE"	the New York Stock Exchange
"Obligors"	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, the director of which is Mr. Zhou Xin
"PAL(s)"	the provisional allotment letter(s) to be issued to the Qualifying Shareholders for the Rights Issue

"Placee(s)"	professional, institutional or other investor(s), who and whose ultimate beneficial owner(s) shall not be a Shareholder and shall be Independent Third Party(ies) and not acting in concert with Mr. Zhou Xin and parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace) and/or the connected persons of the Company, procured by the Placing Agents and/or its sub-placing agent(s) to subscribe for any of the Unsubscribed Rights Shares pursuant to the Placing Agreements
"Placing"	the placing of a maximum of 1,620,535,238 Unsubscribed Rights Shares on a best effort basis by the Placing Agents and/or its sub-placing agent(s) to the Placees on the terms and conditions of the Placing Agreements
"Placing Agents"	collectively, CICC and CRIC Securities, being the placing agents appointed by the Company pursuant to the Placing Agreements, and "Placing Agent" means any of them
"Placing Agreements"	collectively, CICC Placing Agreement and CRIC Securities Placing Agreement, and "Placing Agreement" means any of them
"Placing Completion Date"	the third Business Day following the satisfaction of the placing conditions set out in the Placing Agreements or such other date as the Company and the Placing Agents may agree
"PRC" or "China"	the People's Republic of China, which, for the purpose of this circular, excludes Hong Kong, Macau 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
"PRC Southbound Trading Investor(s)"	the PRC investor(s) who hold Shares through China Clear as nominee under the Shenzhen-Hong Kong Stock Connect and the Shanghai-Hong Kong Stock Connect

"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme approved and adopted by the Company on 20 April 2018
"Prospectus"	the prospectus to be despatched to the Qualifying Shareholders (and the Non-Qualifying Shareholder(s) for information only) in connection with the Rights Issue
"Prospectus Documents"	the Prospectus and the PAL, among other documents
"Prospectus Posting Date"	Thursday, 15 February 2024, or such other date as may be agreed in writing between the Company and the Underwriter, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Non-Qualifying Shareholders (as the case may be)
"Qualifying Shareholder(s)"	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear(s) on the register of members as of close of business of the Company on the Record Date
"Record Date"	Wednesday, 14 February 2024, or such other date as may be agreed in writing between the Company and the Underwriter, being the record date for determining the entitlements of the Shareholders to participate in the Rights Issue
"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
"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, the director of which is Mr. Zhou Xin

"Registrar"	Computershare Hong Kong Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
"Relevant Period"	the period commencing six months prior to the date of the Rights Issue Announcement and ending on the Latest Practicable Date
"Restructuring"	the restructuring of the indebtedness of the Obligors in respect of the Old Notes and the Convertible Note, 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 (CB)"	the restructuring support agreement, dated 2 April 2023, entered into by the Company, the CB Holder and D.F. King Ltd. in relation to the New Schemes
"Rights Issue"	the proposed issue of new Shares by way of rights on the basis of twelve (12) Rights Shares for every ten (10) Shares held at the close of business on the Record Date at the Subscription Price pursuant to the Prospectus Documents
"Rights Issue Announcement"	the Company's announcement dated 19 June 2023 in relation to, among other things, the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Whitewash Waiver and the Special Deals
"Rights Share(s)"	the new Share(s) to be allotted and issued under the Rights Issue
"RMB"	Renminbi, the lawful currency of China
"RSA Announcement"	the Company's announcement dated 3 April 2023 in relation to the Company's invitation for irrevocable restructuring support
"Schemes"	the HK Scheme and the Cayman Scheme

"Scheme Creditors" or "Scheme Creditor"	the creditors of the Company whose claims against the Obligors are (or will be) the subject of the New Schemes
"Scheme Creditor Claim"	the sum of: (1) the outstanding principal amount of the Old Notes held by the Scheme Creditors at the Record Time; (2) all accrued and unpaid interest on the Old Notes up to (but excluding) 30 June 2023; (3) the outstanding principal amount of the Convertible Note held by the Scheme Creditors at the Record Time; and (4) all accrued and unpaid interest on the Convertible Note up to (but excluding) 30 June 2023
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shanghai-Hong Kong Stock Connect"	the securities trading and clearing links programme developed by Hong Kong Exchanges and Clearing Limited, Shanghai Stock Exchange and China Clear
"Share(s)"	ordinary share(s) in the share capital of the Company with a par value of US$0.00001 each
"Shareholder(s)"	holder(s) of the issued Shares
"Shenzhen-Hong Kong Stock Connect"	the securities trading and clearing links programme developed by Hong Kong Exchanges and Clearing Limited, Shenzhen Stock Exchange and China Clear
"SINA Parties"	SINA Corporation, a company incorporated in the Cayman Islands with limited liability and listed on the Nasdaq Global Select Market (Stock symbol: SINA) and MemeStar Limited, a company incorporated in the British Virgin Islands and an Independent Third Party
"Special Deal 1"	the use of the proceeds from the Rights Issue for the payment of the Cash Consideration to the CB Holder (being an associate of Taobao China and a Scheme Creditor) and other Scheme Creditors who may also be Shareholders which constitutes a special deal under Note 5 to Rule 25 of the Takeovers Code

"Special Deal 2"	on the Restructuring Effective Date, the issuance of new shares of TM Home to Creditor SPV (which will be owned by the Scheme Creditors who are holding the Old Notes and may also be Shareholders), pro rata by reference to the proportion of the aggregate Scheme Creditor Claim held by the holders of the Old Notes at the Record Time, which constitutes a special deal under Note 5 to Rule 25 of the Takeovers Code
"Special Deal 3"	on the Restructuring Effective Date, the issuance of new shares of TM Home to the CB Shareholder (being an associate of Taobao China), pro rata by reference to the proportion of the aggregate Scheme Creditor Claim held by the CB Holder at the Record Time, which constitutes a special deal under Note 5 to Rule 25 of the Takeovers Code
"Special Deals"	collectively, the Special Deal 1, the Special Deal 2 and the Special Deal 3
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	the subscription price of HK$0.23 per Rights Share
"Subsidiary Guarantors"	certain subsidiaries of the Company which provided unconditional and irrevocable guarantees to secure the Company's obligations under the Old Notes
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code"	the Code on Takeovers and Mergers issued by the SFC
"Takeovers Code IBC"	the independent board committee, comprising Mr. Yang Yong, Mr. Song Jiajun, Mr. Chen Daiping, Mr. Zhang Bang, Mr. Zhu Hongchao, Mr. Wang Liqun and Mr. Li Jin, being all the non-executive Directors (save for Ms. Jiang Shanshan who is currently serving as the investment director at Alibaba Holding and may have conflict of interests in respect of the Special Deals) and independent non-executive Directors, which has been established in accordance with Rule 2.8 of the Takeovers Code to give recommendation to the Independent Shareholders in respect of the Rights Issue, the Placing Agreements, the Underwriting Agreement and the transactions contemplated thereunder respectively, the Special Deals and the Whitewash Waiver, and as to the voting action therefor

"Taobao China"	Taobao China Holding Limited, a company incorporated under the laws of Hong Kong with limited liability and indirectly wholly owned by Alibaba Holding
"Term Sheet"	the term sheet attached to the Restructuring Support Agreement (CB) (as may be amended from time to time)
"TM Home"	TM Home Limited, a company incorporated in the Cayman Islands with limited liability and a subsidiary of the Company prior to the completion of the Disposal
"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 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 approximately 89.207% 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 consolidated entity of Alibaba Holding
"Trial Administrative Measures"	the "Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies" (Announcement [2023] No. 43) promulgated by the CSRC
"Underwriter"	Mr. Zhou Xin
"Underwriting Agreement"	the underwriting agreement dated 19 June 2023 entered into between the Company and the Underwriter in relation to the Rights Issue
"United States"	United States of America, its territories, its possessions and all areas subject to its jurisdiction

"Unsubscribed Rights Shares"	those Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Rights Shares that are not successfully sold by the Company as described in the paragraph headed "Arrangements for the NQS Rights Shares" in this circular
"Untaken Rights Shares"	all the Unsubscribed Rights Shares that are not placed by the Placing Agents or they have been placed but the Placees have not paid therefor at 4:00 p.m. on the Placing Completion Date
"US$"	United States dollars, the lawful currency of the United States
"Voting Scheme Claims"	means, for assessing the Scheme Creditor Claims of each Scheme Creditor for voting purposes only, a value equals to the sum of (i) outstanding principal amount of the Old Notes and the Convertible Note in which each Scheme Creditor held an economic or beneficial interest as principal at the Record Time and (ii) all accrued and unpaid interest relating to such Old Notes and Convertible Note up to (but excluding) 30 June 2023
"Whitewash Waiver"	a waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code to waive the obligation of Mr. Zhou Xin to make a mandatory general offer to the Shareholders in respect of the Shares not already owned or agreed to be acquired by Mr. Zhou Xin and parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace) as a result of the taking up of the Rights Shares by Mr. Zhou Xin as the underwriter pursuant to the Underwriting Agreement
"Zhou Parties"	Kanrich Holdings Limited, On Chance, Jun Heng, E-House Holdings and Mr. Zhou Xin
"%"	per cent

For the purpose of this circular, unless otherwise stated, the conversion of US$ into HK$ is based on the exchange rate of US$1.00 to HK$7.85. The exchange rate has been used, where applicable, for the purposes of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rate or at all.

Unless otherwise specified, all times stated in this circular refer to Hong Kong times. Any changes to the anticipated timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

Event	Time and Date (Hong Kong time)
Despatch date of this circular, proxy form and the notice of the EGM	Thursday, 30 November 2023
Latest time for lodging transfer of Shares to qualify for attendance and voting at the EGM	4:30 p.m. on Thursday, 25 January 2024
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM (both dates inclusive)	Friday, 26 January 2024 to Wednesday, 31 January 2024
Latest time for lodging proxy forms for the EGM	10:00 a.m. on Monday, 29 January 2024
Record date for attendance and voting at the EGM	Wednesday, 31 January 2024
Expected date and time of the EGM	10:00 a.m. on Wednesday, 31 January 2024
Announcement of the poll results of the EGM	Wednesday, 31 January 2024
Last day of dealings in the Shares on a cum-rights basis relating to the Rights Issue	Thursday, 1 February 2024
First day of dealings in Shares on an ex-rights basis relating to the Rights Issue	Friday, 2 February 2024
Latest time for the Shareholders to lodge transfer of Shares in order to be qualified for the Rights Issue	4:30 p.m. on Monday, 5 February 2024
Closure of register of members to determine the eligibility of the Rights Issue (both dates inclusive)	Tuesday, 6 February 2024 to Wednesday, 14 February 2024
Record Date for the Rights Issue	Wednesday, 14 February 2024

Despatch of the Prospectus Documents (including the PAL and the Prospectus) (in case of the Non-Qualifying Shareholders, the Prospectus only)	Thursday, 15 February 2024
First day of dealings in nil-paid Rights Shares	Monday, 19 February 2024
Latest time for splitting of nil-paid Rights Shares	4:30 p.m. on Wednesday, 21 February 2024
Last day of dealings in nil-paid Rights Shares	Monday, 26 February 2024
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the Compensatory Arrangements	4:00 p.m. on Thursday, 29 February 2024
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Thursday, 29 February 2024
Announcement of the number of Unsubscribed Rights Shares subject to the Compensatory Arrangements	Monday, 4 March 2024
Commencement of placing of Unsubscribed Rights Shares by the Placing Agents	Wednesday, 6 March 2024
Latest time of placing of the Unsubscribed Rights Shares by the Placing Agents	4:00 p.m. on Thursday, 7 March 2024
Latest time for terminating the Underwriting Agreement and for the Underwriting Agreement and the Rights Issue to become unconditional	4:00 p.m. on Thursday, 7 March 2024
Announcement of results of the Rights Issue (including results of the placing of Unsubscribed Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share under the Compensatory Arrangements)	Friday, 8 March 2024
Despatch of share certificates for fully-paid Rights Shares and completion of the Placing to take place	Monday, 11 March 2024

Refund cheques, if any, to be despatched (if the Rights Issue is terminated) . . . . Monday, 11 March 2024

Commencement of dealings in fully-paid Rights Shares . . . . 9:00 a.m. on Tuesday, 12 March 2024

Payment of the Net Gain to relevant No Action Shareholders and net proceeds from sale of nil-paid Rights Shares to the relevant Non-Qualifying Shareholders (if any). . . . . Thursday, 21 March 2024

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES

The Latest Time for Acceptance and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or "extreme conditions" announced by the Government of Hong Kong, or a "black" rainstorm warning:

(i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or

(ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance and payment for the Rights Shares will be extended to 4:00 p.m. on the next Business Day which does not have either of those warnings in force at any time between 12:00 noon and 4:00 p.m.

If the Latest Time for Acceptance and payment for the Rights Shares are postponed in accordance with the foregoing, the dates of the events subsequent to the Latest Time for Acceptance mentioned in this section may be affected. An announcement will be made as soon as practicable by the Company in such event.

Since the purpose of the Rights Issue is to fund the Cash Consideration (as defined below) under the New Schemes, the completion of the Rights Issue is conditional on:

1. the passing by the Independent Shareholders at the EGM and the Disposal EGM of (1) ordinary resolutions to approve the Underwriting Agreement, the Placing Agreements, the Rights Issue, the Special Deals and the transactions contemplated thereunder (more than 50% of the Independent Shareholders at the EGM and the Disposal EGM by way of poll); and (2) a special resolution to approve the Whitewash Waiver (at least 75% of the Independent Shareholders at the EGM by way of poll) in accordance with the Listing Rules and the Takeovers Code by no later than the Prospectus Posting Date;

2. the Executive granting the Whitewash Waiver to the Underwriter and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;

3. the Executive granting consent under Rule 25 of the Takeovers Code in respect of the Special Deals;

4. the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares by no later than the first day of their dealings;

5. the passing by the Shareholders at the general meeting of the Company of ordinary resolutions to approve all transactions in relation to the New Schemes that require shareholders' approval in accordance with the Listing Rules and the Takeovers Code (including the Disposal) by no later than the Prospectus Posting Date;

6. the Scheme Creditors having approved the Cayman Scheme at the Cayman Scheme Meetings convened to consider the Cayman Scheme; and

7. the Scheme Creditors having approved the HK Scheme at the HK Scheme Meetings convened to consider the HK Scheme.

In addition, the transactions under each of the Placing Agreements and the Underwriting Agreement are subject to certain conditions. The conditions to which each of the Placing Agreements is subject are set out in the section headed "Placing Agreement for the Unsubscribed Rights Shares" in this circular. The conditions to which the Underwriting Agreement is subject are set out in the section headed "Conditions of the Underwriting Agreement" in this circular. None of the above conditions may be waived.

The Cayman Scheme Meetings and HK Scheme Meetings were held on 14 November 2023. A total of 614 holders of the Old Notes holding Voting Scheme Claims in respect of the Old Notes of US$597,147,318 attended and voted by proxy at the Noteholders HK Scheme Meeting and the Noteholders Cayman Scheme Meeting. Of those present and voting at the aforementioned meetings, a total of 602 holders of the Old Notes holding Voting Scheme

Claims of US$561,989,163 (representing 94.11% by value and 98.05% by number of holders of the Old Notes present and voting at the aforementioned meetings) voted in favour of the New Schemes. In addition, the CB Holder, holding Voting Scheme Claims in respect of the Convertible Note of HK$1,050,760,838.89 attended and voted by proxy in favour of the New Schemes at the CB Holder HK Scheme Meeting and the CB Holder Cayman Scheme Meeting. As such, both the HK Scheme and the Cayman Scheme have been approved by the requisite majorities of Scheme Creditors. The HK Scheme and the Cayman Scheme will be subject to the approval and sanction of the High Court and the Cayman Court, respectively. For details of the results of the Cayman Scheme Meetings and HK Scheme Meetings, please refer to the announcement of the Company dated 15 November 2023.

As at the Latest Practicable Date, save for conditions 6 and 7, none of the conditions of the Rights Issue mentioned above has been fulfilled.

If (i) the Underwriter terminates the Underwriting Agreement, or (ii) any of the Placing Agreements and the Underwriting Agreement does not become unconditional, or (iii) the Rights Issue does not become unconditional by not later than 4:00 p.m. on Thursday, 7 March 2024, the Rights Issue will not proceed. A further announcement will be made by the Company if any of the foregoing events occurs.

The Disposal is expected to constitute a very substantial disposal pursuant to Rule 14.29 of the Listing Rules and be therefore subject to notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules. Furthermore, under the Takeovers Code, each of (i) on the Restructuring Effective Date, the issuance of new shares of TM Home to Creditor SPV (which will be owned by the Scheme Creditors who are holding the Old Notes and may also be Shareholders), pro rata by reference to the proportion of the aggregate Scheme Creditor Claim held by the holders of the Old Notes at the Record Time, and (ii) on the Restructuring Effective Date, the issuance of new shares of TM Home to the CB Shareholder (being an associate of Taobao China), pro rata by reference to the proportion of the aggregate Scheme Creditor Claim held by the CB Holder at the Record Time would constitute a favorable condition not extended to all Shareholders and therefore a special deal under Rule 25 of the Takeovers Code and requires the consent of the Executive. The Disposal EGM will be convened on the same date as the date of the EGM, namely Wednesday, 31 January 2024. For details of the Disposal, please refer to the announcement and circular in relation to the Disposal, the Special Deal 2 and the Special Deal 3 to be issued by the Company. The Company's circular in relation to the Disposal, the Special Deal 2 and the Special Deal 3 is expected to include, among others, (i) financial information of the Group, (ii) financial information of TM Home and its subsidiaries upon completion of the Disposal, (iii) unaudited pro forma financial information of the Group upon completion of the Disposal, (iv) valuation reports of TM Home and CRIC, (v) letters from the Company's accountants and the Independent Financial Adviser in respect of certain financial information and the valuation reports of TM Home and CRIC required under the Listing Rules and Takeovers Code, and (vi) all relevant information relating to the Rights Issue, Whitewash Waiver, Special Deals, and a letter of recommendation from the Takeovers Code IBC and a letter

of advice from the Independent Financial Adviser, in relation to, among other things, their respective recommendations on the Special Deal 2 and the Special Deal 3. Shareholders and potential investors of the Company should note that this circular must be read in conjunction with the circular in relation to the Disposal, the Special Deal 2 and the Special Deal 3 to be issued by the Company. Shareholders should review the aforementioned two circulars together before making their decisions as to voting at the EGM and the Disposal EGM.

The Underwriter shall be entitled by a notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement if, prior to the Latest Time for Termination:

1. in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:

   (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole or is materially adverse in the context of the Rights Issue; or

   (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date thereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

2. any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

3. any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which in the reasonable opinion of the Underwriter will materially and adversely affect the success of the Rights Issue and/or the prospects of the Company taken as a whole; or

4. any other material adverse change in relation to the business or the financial or trading position or prospects of the Company as a whole whether or not ejusdem generis with any of the foregoing; or

5. any matter which, had it arisen or been discovered immediately before the date of the Prospectus Documents and not having been disclosed in the Prospectus Documents, would have constituted, in the reasonable opinion of the Underwriter, an omission which is material in the context of the Rights Issue; or

6. any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Rights Issue Announcement or the Prospectus Documents or other announcements in connection with the Rights Issue.

If prior to the Latest Time for Termination any such notice as is referred to above is given by the Underwriter, all obligations of all parties under the Underwriting Agreement shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement will be made by the Company if the Underwriting Agreement is terminated by the Underwriter.

易居企业集团

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)

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

Non-executive Directors
Ms. Jiang Shanshan
Mr. Yang Yong
Mr. Song Jiajun
Mr. Chen Daiping

Independent Non-executive Directors
Mr. Zhang Bang
Mr. Zhu Hongchao
Mr. Wang Liqun
Mr. Li Jin

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

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

Principal Place of Business in Hong Kong:
40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai, Hong Kong

30 November 2023

To the Shareholders

Dear Sir or Madam,

**(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWELVE (12) RIGHTS SHARES FOR EVERY TEN (10) SHARES HELD ON THE RECORD DATE;
(II) CONNECTED TRANSACTION IN RELATION TO THE UNDERWRITING AGREEMENT;
(III) APPLICATION FOR WHITEWASH WAIVER;
(IV) SPECIAL DEALS; AND
(V) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Rights Issue Announcement in relation to, among other things, the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Whitewash Waiver and the Special Deals.

The purpose of this circular is to provide you with, among other things, (i) further details of the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deal 1 and the Whitewash Waiver; (ii) a letter of recommendation from each of the Listing Rules IBC and Takeovers Code IBC in respect of the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deal 1 and the Whitewash Waiver; (iii) a letter of advice from Maxa Capital Limited to the Listing Rules IBC and Takeovers Code IBC and the Independent Shareholders in regard to the aforesaid; (iv) other information required under the Listing Rules and the Takeovers Code; and (v) a notice convening the EGM.

THE NEW SCHEMES

Reference is made to the RSA Announcement. The Company intends to propose the New Schemes to holders of the Old Notes and the CB Holder. If each of the New Schemes is sanctioned by the relevant court and becomes effective, on the Restructuring Effective Date, the Company will pay the restructuring consideration (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 transferred 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 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 CB Holder, 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.

As stated in the RSA Announcement, the Company intends to propose the New Schemes to holders of the Old Notes and the CB Holder and 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.

As separately announced by the Company on 10 October 2023 (the "**Notice of Scheme Meetings Announcement**"), by an Order dated 4 October 2023 (the "**Cayman Scheme Convening Order**"), the Cayman Court has directed that the Cayman Scheme Meetings may be convened for the purposes of considering and, if thought fit, approving the Cayman Scheme (with or without modification, addition or condition approved or imposed by the Cayman Court). In addition, by an Order dated 26 September 2023 (the "**HK Scheme Convening Order**"), the High Court of Hong Kong has directed that the HK Scheme Meetings may be convened for the purposes of considering and, if thought fit, approving the HK Scheme (with or without modification, addition or condition approved or imposed by the High Court of Hong Kong). As set out in more detail in the Notice of Scheme Meetings Announcement, the Cayman Scheme Meetings and HK Scheme Meetings were scheduled for 14 November 2023.

As further announced by the Company on 15 November 2023, the Cayman Scheme Meetings and HK Scheme Meetings were held on 14 November 2023. A total of 614 holders of the Old Notes holding Voting Scheme Claims in respect of the Old Notes of US$597,147,318 attended and voted by proxy at the Noteholders HK Scheme Meeting and the Noteholders Cayman Scheme Meeting. Of those present and voting at the aforementioned meetings, a total of 602 holders of the Old Notes holding Voting Scheme Claims of US$561,989,163 (representing 94.11% by value and 98.05% by number of holders of the Old Notes present and voting at the aforementioned meetings) voted in favour of the New Schemes. In addition, the CB Holder, holding Voting Scheme Claims in respect of the Convertible Note of HK$1,050,760,838.89 attended and voted by proxy in favour of the New Schemes at the CB Holder HK Scheme Meeting and the CB Holder Cayman Scheme Meeting. As such, both the HK Scheme and the Cayman Scheme have been approved by the requisite majorities of Scheme Creditors. The HK Scheme and the Cayman Scheme will be subject to the approval and sanction of the High Court and the Cayman Court, respectively. For details of the results of the Cayman Scheme Meetings and HK Scheme Meetings, please refer to the announcement of the Company dated 15 November 2023.

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 HK$6,328.5 million (the accrued and unpaid interest is calculated up to 30 June 2023).

Update on Restructuring Effective Date

As described to each of the High Court of Hong Kong and the Grand Court of the Cayman Islands, and in accordance with each of the Restructuring Support Agreement (CB) and the RSA (as defined in each of the Schemes), and with Clause 11.1 of each of the HK Scheme and the Cayman Scheme, the Company has extended the Longstop Date (as defined in each of the Schemes) until 31 March 2024. The Restructuring Effective Date is anticipated to occur on or before 31 March 2024, subject to the satisfaction or waiver of the Restructuring Conditions (as defined in each of the Schemes) in accordance with the terms of each of the Schemes.

THE 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 CB Holder, 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. Save as disclosed in this circular, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Creditor SPV, the CB Shareholder and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

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 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) holds a controlling stake in Leju, a company listed on the New York Stock Exchange and a leading online-to-offline real estate services provider in China that is 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 and such real estate brokerage network services will be transferred to the PRC Holdco before the completion of the Disposal. Accordingly, this is effectively a disposal by the Group of TM Home, CRIC, Leju and their respective subsidiaries and upon completion of the Disposal, TM Home, CRIC, Leju and their respective subsidiaries will cease to be subsidiaries of the Company and the Company's real estate brokerage network services conducted under the "Fangyou" brand name will continue to be operated by the Company.

Upon the completion of the Restructuring and the Disposal, the Group (excluding TM Home, Leju and CRIC) 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.

Prior to the Restructuring Effective Date, the Company will incorporate (i) Creditor SPV, an entity to be owned by holders of the Old Notes on the Restructuring Effective Date, and (ii) Management SPV, an entity currently contemplated to be owned by members of senior management who are currently responsible for managing the businesses of the CRIC Group and TM Home, none of them being a Shareholder, 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 Shareholder 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, which will be regarded as a deemed disposal by the Company pursuant to Rule 14.29 of the Listing Rules. 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, on the Restructuring Effective Date, 15% will be transferred to Management SPV. This is to provide an incentive for the shareholders of Management SPV to work diligently in operating the business segments under TM Home, including the CRIC Group, in order to maintain and enhance the value of TM Home's assets with a view to procure the highest possible price for an eventual sale of their interest for cash at a later stage which would enable the Creditor SPV, the TM Home Minority Shareholder and the CB Holder to partially recover their debt. The Company believes that an incentive stake of around 15% is commonly provided in business transactions with investors and has decided on 15% for that reason. The division of ownership in TM Home between the Company, the Scheme Creditors and Management SPV represents the commercial deal that the Company was prepared to put to the Scheme Creditors following negotiations with the CB Holder and the TM Home Minority Shareholder.

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.

The Disposal is expected to constitute a very substantial disposal pursuant to Rule 14.29 of the Listing Rules and be therefore subject to notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules. Furthermore, under the Takeovers Code, each of (i) on the Restructuring Effective Date, the issuance of new shares of TM Home to Creditor SPV (which will be owned by the Scheme Creditors who are holding the Old Notes and may also be Shareholders), pro rata by reference to the proportion of the aggregate Scheme Creditor Claim held by the holders of the Old Notes at the Record Time, and (ii) on the Restructuring Effective Date, the issuance of new shares of TM Home to the CB Shareholder (being an associate of Taobao China), pro rata by reference to the proportion of the aggregate Scheme Creditor Claim held by the CB Holder at the Record Time would constitute a favorable condition not extended to all Shareholders and therefore a special deal under Rule 25 of the Takeovers Code and requires the consent of the Executive. The Disposal EGM will be convened on the same date as the date of the EGM, namely Wednesday, 31 January 2024. For details of the Disposal, please refer to the announcement and circular in relation to the Disposal, the Special Deal 2 and the Special Deal 3 to be issued by the Company. The Company's circular in relation to the Disposal, the Special Deal 2 and the Special Deal 3 is expected to include, among others, (i) financial information of the Group, (ii) financial information of TM Home and its subsidiaries upon completion of the Disposal, (iii) unaudited pro forma financial information of the Group upon completion of the Disposal, (iv) valuation reports of TM Home and CRIC, (v) letters from the Company's accountants and the Independent Financial Adviser in respect of certain financial information and the valuation reports of TM Home and CRIC required under the Listing Rules and Takeovers Code, and (vi) all relevant information relating to the Rights Issue, Whitewash Waiver, Special Deals, and a letter of recommendation from the Takeovers Code IBC and a letter of advice from the Independent Financial Adviser, in relation to, among other things, their respective recommendations on the Special Deal 2 and the Special Deal 3. Shareholders and potential investors of the Company should note that this circular must be read in conjunction with the circular in relation to the Disposal, the Special Deal 2 and the Special Deal 3 to be issued by the Company. Shareholders should review the aforementioned two circulars together before making their decisions as to voting at the EGM and the Disposal EGM.

PROPOSED RIGHTS ISSUE

In order to fund the Cash Consideration under the restructuring plan, the Company proposes to implement 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 gross proceeds of approximately HK$483 million before expenses by issuing 2,098,871,436 Rights Shares. The net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be approximately HK$465 million. The principal terms of the Rights Issue are set out below:

Basis of the Rights Issue:	Twelve (12) Rights Shares for every ten (10) Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price:	HK$0.23 per Rights Share
Net price per Rights Share (the aggregate Subscription Price of the maximum number of Rights Shares to be issued less costs and expenses estimated to be incurred in the Rights Issue divided by the maximum number of Rights Shares to be issued):	Approximately HK$0.23 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	1,749,059,530 Shares
Number of Rights Shares:	2,098,871,436 Rights Shares (assuming no new issue or repurchase of Shares on or before the Record Date)
Aggregate nominal value of the Rights Shares to be issued:	US$20,988.7 (assuming no change in the number of Shares in issue on or before the Record Date)
Number of issued Shares upon completion of the Rights Issue:	3,847,930,966 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)

Gross proceeds from the Rights Issue (before expenses):	Approximately HK$483 million (assuming no new issue or repurchase of Shares on or before the Record Date)
Net proceeds from the Rights Issue:	Approximately HK$465 million (assuming no new issue or repurchase of Shares on or before the Record Date)

On 31 July 2020, the Company entered into a subscription agreement with the CB Holder, pursuant to which the CB Holder conditionally agreed to subscribe for the Convertible Note. The Convertible Note matures on the third anniversary of the date of issue, carries an interest rate of 2% per annum, and is convertible into 99,508,197 Shares at the initial conversion price of HK$10.37, subject to customary adjustments. In addition, the Company adopted the Pre-IPO Share Option Scheme on 20 April 2018 and the overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Pre-IPO Share Option Scheme at any time shall not exceed 91,568,000 Shares. As at the Latest Practicable Date, options to subscribe for an aggregate of 76,065,600 Shares were outstanding, representing approximately 4.3% of the issued share capital of the Company (assuming no Shares are issued pursuant to the Convertible Note). Details of the Pre-IPO Share Option Scheme are set out in the Company's 2022 annual report.

Assuming there is no new issue or repurchase of Shares (whether pursuant to the Convertible Note, the Pre-IPO Share Option Scheme or otherwise) on or before the Record Date, the 2,098,871,436 Rights Shares proposed to be allotted and issued pursuant to the terms of the Rights Issue represent approximately (i) 120% of the total number of existing issued Shares and (ii) 54.5% of the total number of issued Shares as enlarged immediately upon completion of the Rights Issue.

Subscription Price

The Subscription Price of HK$0.23 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

(i) a discount of approximately 20.69% to the closing price of HK$0.29 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 20.14% to the average closing prices of the Shares as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day of approximately HK$0.29 per Share;

(iii) a discount of approximately 24.84% to the average closing prices of the Shares as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day of approximately HK$0.31 per Share;

(iv) a discount of approximately 10.56% to the theoretical ex-rights price based on the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day of approximately HK$0.26 per Share; and

(v) a premium of approximately 9.00% to the closing price of HK$0.211 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

As at 31 December 2022 and 30 June 2023, the Group recorded a net liabilities position of approximately RMB5,027,872,000 and RMB5,907,549,000, respectively. The Rights Issue would result in a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 11%, based on the theoretical diluted price of HK$0.26 per Share and the benchmarked price (as defined under Rule 7.27B of the Listing Rules) of HK$0.29 per Share.

The Subscription Price was determined by the Company with reference to, among other things, (i) the recent market prices of the Shares under the prevailing market conditions; and (ii) the financial condition and the funding needs of the Group. Based on proposed Subscription Price of HK$0.23 and the total funds proposed to be raised by the Company, the number of Rights Shares to be issued would be 2,098,871,436 Rights Shares, representing approximately 120% of the total Shares in issue as of the Latest Practicable Date. The Company considers the subscription ratio to be in the interests of the Company and its Independent Shareholders as a whole as (i) implementing the Rights Issue at such a ratio would enable the Company to raise the amount of proceeds that is necessary for the Restructuring, so that the Company could proceed with its restructuring plan and reduce the level of debt liability under the Old Notes and the Convertible Note; and (ii) in addition to satisfying the need for capital, the Company also considers such ratio to be within the "low-end" of the range of subscription ratios for rights issues that were implemented by other companies shares of which are listed on the Stock Exchange in the first half of 2023, which ranged from approximately 10% to approximately 250% based on the public information available on the website of the Stock Exchange. Accordingly, such ratio would not result in material dilution to the shareholders' existing shareholdings.

After taking into account the terms of the Rights Issue and the reasons for the Rights Issue as disclosed in the section headed "Reasons for and benefits of the Rights Issue and the use of proceeds" in this circular, the Directors (other than members of the Listing Rules IBC and the Takeovers Code IBC whose opinion are set forth in the Listing Rules IBC Letter from pages 66 to 67 and Takeovers Code IBC Letter from pages 68 to 70, respectively, after reviewing and considering the advice from the Independent Financial Adviser) consider that the terms of the Rights Issue (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the Rights Issue

Since the purpose of the Rights Issue is to fund the Cash Consideration (as defined below) under the New Schemes, the completion of the Rights Issue is conditional on:

1. the passing by the Independent Shareholders at the EGM and the Disposal EGM of (1) ordinary resolutions to approve the Underwriting Agreement, the Placing Agreements, the Rights Issue, the Special Deals and the transactions contemplated thereunder (more than 50% of the Independent Shareholders at the EGM and the Disposal EGM by way of poll); and (2) a special resolution to approve the Whitewash Waiver (at least 75% of the Independent Shareholders at the EGM by way of poll) in accordance with the Listing Rules and the Takeovers Code by no later than the Prospectus Posting Date;

2. the Executive granting the Whitewash Waiver to the Underwriter and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;

3. the Executive granting consent under Rule 25 of the Takeovers Code in respect of the Special Deals;

4. the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares by no later than the first day of their dealings;

5. the passing by the Shareholders at the general meeting of the Company of ordinary resolutions to approve all transactions in relation to the New Schemes that require shareholders' approval in accordance with the Listing Rules and the Takeovers Code (including the Disposal) by no later than the Prospectus Posting Date;

6. the Scheme Creditors having approved the Cayman Scheme at the Cayman Scheme Meetings convened to consider the Cayman Scheme; and

7. the Scheme Creditors having approved the HK Scheme at the HK Scheme Meetings convened to consider the HK Scheme.

In addition, the transactions under each of the Placing Agreements and the Underwriting Agreement are subject to certain conditions. The conditions to which each of the Placing Agreements is subject are set out in the section headed "Placing Agreement for the Unsubscribed Rights Shares" in this circular. The conditions to which the Underwriting Agreement is subject are set out in the section headed "Conditions of the Underwriting Agreement" in this circular. None of the above conditions may be waived.

The Cayman Scheme Meetings and HK Scheme Meetings were held on 14 November 2023. A total of 614 holders of the Old Notes holding Voting Scheme Claims in respect of the Old Notes of US$597,147,318 attended and voted by proxy at the Noteholders HK Scheme Meeting and the Noteholders Cayman Scheme Meeting. Of those present and voting at the aforementioned meetings, a total of 602 holders of the Old Notes holding Voting Scheme Claims of US$561,989,163 (representing 94.11% by value and 98.05% by number of holders of the Old Notes present and voting at the aforementioned meetings) voted in favour of the New Schemes. In addition, the CB Holder, holding Voting Scheme Claims in respect of the Convertible Note of HK$1,050,760,838.89 attended and voted by proxy in favour of the New Schemes at the CB Holder HK Scheme Meeting and the CB Holder Cayman Scheme Meeting. As such, both the HK Scheme and the Cayman Scheme have been approved by the requisite majorities of Scheme Creditors. The HK Scheme and the Cayman Scheme will be subject to the approval and sanction of the High Court and the Cayman Court, respectively. For details of the results of the Cayman Scheme Meetings and HK Scheme Meetings, please refer to the announcement of the Company dated 15 November 2023.

As at the Latest Practicable Date, save for conditions 6 and 7, none of the conditions of the Rights Issue mentioned above has been fulfilled.

The Disposal is expected to constitute a very substantial disposal pursuant to Rule 14.29 of the Listing Rules and be therefore subject to notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules. Furthermore, under the Takeovers Code, each of (i) on the Restructuring Effective Date, the issuance of new shares of TM Home to Creditor SPV (which will be owned by the Scheme Creditors who are holding the Old Notes and may also be Shareholders), pro rata by reference to the proportion of the aggregate Scheme Creditor Claim held by the holders of the Old Notes at the Record Time, and (ii) on the Restructuring Effective Date, the issuance of new shares of TM Home to the CB Shareholder (being an associate of Taobao China), pro rata by reference to the proportion of the aggregate Scheme Creditor Claim held by the CB Holder at the Record Time would constitute a favorable condition not extended to all Shareholders and therefore a special deal under Rule 25 of the Takeovers Code and requires the consent of the Executive. The Disposal EGM will be convened on the same date as the date of the EGM, namely Wednesday, 31 January 2024. For details of the Disposal, please refer to the announcement and circular in relation to the Disposal the Special Deal 2 and the Special Deal 3 to be issued by the Company. The Company's circular in relation to the Disposal, the Special Deal 2 and the Special Deal 3 is expected to include, among others, (i) financial information of the Group, (ii) financial information of TM Home and its subsidiaries upon completion of the Disposal, (iii) unaudited pro forma financial information of the Group upon completion of the Disposal, (iv) valuation reports of TM Home and CRIC, (v) letters from the Company's accountants and the Independent Financial Adviser in respect of certain financial information and the valuation reports of TM Home and CRIC required under the Listing Rules and Takeovers Code, and (vi) all relevant information relating to the Rights Issue, Whitewash Waiver, Special Deals, and a letter of recommendation from the Takeovers Code IBC and a letter of advice from the Independent Financial Adviser, in relation to, among other things, their

respective recommendations on the Special Deal 2 and the Special Deal 3. Shareholders and potential investors of the Company should note that this circular must be read in conjunction with the circular in relation to the Disposal, the Special Deal 2 and the Special Deal 3 to be issued by the Company. Shareholders should review the aforementioned two circulars together before making their decisions as to voting at the EGM and the Disposal EGM.

In the event that the resolutions in relation to the approval of the Rights Issue are voted down by the Independent Shareholders at the EGM, the Company will not have sufficient funds to pay for the Cash Consideration. Failure of the Company in payment of the Cash Consideration means that the New Scheme will not become effective, and there is a possibility that the Scheme Creditor will commence legal proceedings to recover the outstanding liability of the Old Notes and the Convertible Note. In this context, the Company will use its best endeavours to reach an agreeable solution with the Scheme Creditors, but there is no guarantee that any solution could be reached. If the resolutions in relation to the approval of the Rights Issue are voted down by Independent Shareholders, the Company has no intention to launch another similar rights issue in the next twelve months after the EGM. Nonetheless, the Company does not preclude the possibility that the Company may launch alternative equity fundraising in the next twelve months, although the Company currently has no such concrete plan.

Status of the Rights Shares

The Rights Shares (when allotted, fully paid or credited as fully paid and issued) will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully paid Rights Shares.

Qualifying Shareholders

The Rights Issue is available to the Qualifying Shareholders only. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be a Non-Qualifying Shareholder.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the said nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as members of the Company prior to the close of business on the Record Date, all transfers of the Shares (together with the relevant share certificate(s) and/or the instrument(s) of transfer) must be lodged with the 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, for registration no later than 4:30 p.m. (Hong Kong time) on Monday, 5 February 2024.

The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 6 February 2024 to Wednesday, 14 February 2024 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of the Shares will be registered during the above book closure period.

Basis of provisional allotments

The basis of the provisional allotments shall be twelve (12) Rights Shares (in nil-paid form) for every ten (10) Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Rights of the Non-Hong Kong Shareholders (if any)

As at 31 October 2023, there are 2 Non-Hong Kong Shareholders with registered addresses in the PRC and the British Virgin Islands, who hold an aggregate of 173,969,668 Shares, representing approximately 9.95% of the issued share capital of the Company. In compliance with Rule 13.36(2)(a) of the Listing Rules, the Company has made enquiries regarding the feasibility of extending the Rights Issue to such Non-Hong Kong Shareholders. Based on the advice of the legal adviser as to the laws of the PRC and the British Virgin Islands, as at the Latest Practicable Date, the laws of the PRC or the British Virgin Islands imposed no restrictions on extending the Rights Issue to such Non-Hong Kong Shareholders with registered addresses in the PRC and the British Virgin Islands, and the Company is not required to obtain any approvals from the relevant authorities in the PRC or the British Virgin Islands for the despatch of the Prospectus Documents to such Non-Hong Kong Shareholders nor is the Company required to register or file the Prospectus Documents with the relevant authorities of the PRC or the British Virgin Islands.

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law of any jurisdiction other than (a) Hong Kong and (b) the PRC in accordance with the CSRC Filing Requirements and the Trial Administrative Measures. The Non-Hong Kong Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Company will continue comply with Rule 13.36 of the Listing Rules and make necessary enquiries regarding the feasibility of extending the Rights Issue to the Non-Hong Kong Shareholders (if any) under the laws of the relevant jurisdictions outside Hong Kong and the requirements of the relevant regulatory bodies or stock exchanges. If, based on legal advice to be provided by the legal advisers to the Company, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Non-Hong Kong Shareholders on account either of the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), the Rights Issue will not be extended to the Non-Qualifying Shareholders. The basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

The Company will send the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL to them.

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, the Non-Hong Kong Shareholders should exercise caution when dealing in the Shares.

Arrangements for the NQS Rights Shares

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. If the proceeds from each such sale, less expenses, are more than HK$100, the excess will be paid on pro-rata basis to the relevant Non-Qualifying Shareholders. The Company will retain individual amounts of HK$100 or less for its own benefit to cover the administrative costs that it would have incurred. Any unsold entitlements of Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders will be offered for subscription by the Placing Agents to the Placees under the Placing.

Share certificates of the Rights Shares and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue and the conditions of the Underwriting Agreement, share certificates for the fully-paid Rights Shares are expected to be sent on or before Monday, 11 March 2024 to those entitled thereto by ordinary post, at their own risk, to their registered addresses. Each allottee will receive one share certificate for all allotted Rights Shares.

If the Rights Issue is not becoming unconditional or the Underwriting Agreement is terminated or not becoming unconditional, refund cheques will be despatched on or before Monday, 11 March 2024 by ordinary post, at the respective Shareholders' own risk, to their registered addresses.

Fractional entitlement to the Rights Shares

No fractional entitlements to the Rights Shares shall be issued to the Shareholders and no entitlements of the Non-Qualifying Shareholders to the Rights Shares shall be issued to the Non-Qualifying Shareholders. All fractions of the Rights Shares shall be rounded down to the nearest whole number of Rights Shares and aggregated and, if a premium (net of expenses) can be achieved, sold in the market by the Company for its own benefit.

Odd Lot Arrangements

No odd lot matching services will be provided by the Company in respect of the Rights Shares.

Irrevocable Undertaking

Mr. Zhou Xin is interested in an aggregate of 398,613,499 Shares (excluding 14,460,000 Shares to be issued upon exercise of options granted under the Pre-IPO Share Option Scheme, and representing approximately 22.8% of the entire issued share capital of the Company as at the Latest Practicable Date), of which 228,920,000 Shares are held by CRE Corp, 146,918,440 Shares are held by E-House (China) Holdings, 20,000,000 Shares are held by On Chance and 2,775,059 Shares are held by Regal Ace, respectively. 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.

Pursuant to the Irrevocable Undertaking, Mr. Zhou Xin has undertaken to the Company that (i) he will procure the subscriptions for 478,336,198 Rights Shares which comprise the full amount of provisional entitlements in respect of the aggregate of 398,613,499 Shares beneficially held by CRE Corp, E-House (China) Holdings, On Chance and Regal Ace; (ii) he will procure each of CRE Corp, E-House (China) Holdings, On Chance and Regal Ace not to dispose of, or agree to dispose of, any of the 228,920,000 Shares, 146,918,440 Shares, 20,000,000 Shares and 2,775,059 Shares currently held by CRE Corp, E-House (China) Holdings, On Chance and Regal Ace, respectively, and such Shares will remain held by CRE Corp, E-House (China) Holdings, On Chance and Regal Ace, respectively, and will remain indirectly and beneficially owned by Mr. Zhou Xin up to and including the Record Date; and (iii) he will procure each of CRE Corp, E-House (China) Holdings, On Chance and Regal Ace lodge the Application Form in respect of the subscription of the 274,704,000 Rights Shares, 176,302,128 Rights Shares, 24,000,000 Rights Shares and 3,330,070 Rights Shares, respectively, which will be the number of Rights Shares provisionally allotted (on nil-paid basis) to each of CRE Corp, E-House (China) Holdings, On Chance and Regal Ace, respectively, under the Rights Issue, with the Registrar.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. Other than on the Stock Exchange, no part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms with their board lot size being the same (i.e. 300) as their underlying Shares on the Stock Exchange, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp duty and other applicable fees and charges

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, AFRC transaction levy and other applicable fees and charges in Hong Kong.

Procedures in respect of the Unsubscribed Rights Shares

Mr. Zhou Xin, the Underwriter, is a substantial shareholder, executive Director and chairman of the Company interested indirectly through CRE Corp, E-House (China) Holdings, On Chance and Regal Ace in an aggregate of 398,613,499 Shares (excluding 14,460,000 Shares to be issued upon exercise of options granted under the Pre-IPO Share Option Scheme), representing approximately 22.8% of the entire issued share capital of the Company as at the Latest Practicable Date. Pursuant to Rule 7.21(2) of the Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares by offering the Unsubscribed Rights Shares to independent placees for the benefit of the relevant No Action Shareholders to whom they were offered under the Rights Issue. As the Compensatory Arrangements are in place, there will be no excess application arrangements in relation to the Rights Issue.

The Company appointed the Placing Agents to place the Unsubscribed Rights Shares after the Latest Time for Acceptance to independent placees on a best effort basis, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agents (including any other related costs and expenses), that are realised from the Placing (the "**Net Gain**") will be paid to those No Action Shareholders in the manner set out below. The Placing Agents will, on a best effort basis, procure, by not later than 4:00 p.m. on Thursday, 7 March 2024, acquirers who are not Shareholders for all (or as many as possible) of those Unsubscribed Rights Shares at a price not less than the Subscription Price. Any unsold Unsubscribed Rights Shares under the Compensatory Arrangements will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Net Gain (if any but rounded down to the nearest cent) will be paid on a pro-rata basis to the No Action Shareholders as set out below:

(i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL; and

(ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS.

It is proposed that if the Net Gain to any of the No Action Shareholder(s) mentioned above (i) is more than HK$100, the entire amount will be paid to them; or (ii) is HK$100 or less, such amount will be retained by the Company for its own benefit.

Rights of PRC Southbound Trading Investors

According to the "Stock Connect Southbound Shareholding Search" available on the Stock Exchange's website, as at the Latest Practicable Date, China Clear held 238,403,700 Shares, representing approximately 13.63% of the total number of the issued Shares.

The Board was advised that, the PRC Southbound Trading Investors who hold Shares through China Clear as nominee under Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect can participate in the Rights Issue through China Clear. China Clear will provide nominee services for the PRC Southbound Trading Investors to (i) sell (in full or in part) their nil-paid Rights Shares through Shenzhen-Hong Kong Stock Connect and/or Shanghai-Hong Kong Stock Connect if such nil-paid Rights Shares are listed on the Stock Exchange; and/or (ii) subscribe (in full or in part) for their pro rata entitlement in respect of Shares held on the Record Date at the Subscription Price under the Rights Issue in accordance with the relevant laws and regulations.

In addition, the PRC Southbound Trading Investors (or the relevant China Clear participants, as the case may be) whose stock accounts in China Clear are credited with nil-paid Rights Shares can only sell those nil-paid Rights Shares through Shenzhen-Hong Kong Stock Connect and/or Shanghai-Hong Kong Stock Connect if such nil-paid Rights Shares are listed on the Stock Exchange but cannot purchase any nil-paid Rights Shares nor transfer such nil-paid Rights Shares to other PRC Southbound Trading Investors.

The PRC Southbound Trading Investors should consult their intermediary (including brokers, custodians, nominees or China Clear participants) and/or other professional advisers for details of the logistical arrangements as required by China Clear, and provide instructions to such intermediary in relation to the sale of the nil-paid Rights Shares. Such instructions should be given in advance of the relevant dates stated in the section headed "Expected Timetable" of this circular and otherwise in accordance with the requirements of the intermediary of the PRC Southbound Trading Investors and/or China Clear in order to allow sufficient time to ensure that such instructions are given effect.

The Rights Shares in nil-paid issued to the PRC Southbound Trading Investors shall not be offered and may not be offered or sold directly or indirectly in the PRC to any person or entity, unless through Shenzhen-Hong Kong Stock Connect and/or Shanghai-Hong Kong Stock Connect, or such person or entity has otherwise been exempt by or has obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations.

The Company will complete the necessary filing procedures in accordance with the CSRC Filing Requirements and the Trial Administrative Measures.

Placing Agreements for the Unsubscribed Rights Shares

On 19 June 2023 (after trading hours of the Stock Exchange), the Company entered into the CICC Placing Agreement and the CRIC Securities Placing Agreement with CICC and CRIC Securities, respectively. Pursuant to each of the Placing Agreements, each of the Placing Agents has agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares. Details of the Placing Agreements are as follows:

Date:	19 June 2023 (after trading hours of the Stock Exchange)
Issuer:	The Company
Placing agents:	CICC has been appointed as the placing agent to place, or procure the placing of, a maximum of 1,620,535,238 Unsubscribed Rights Shares other than those actually placed by CRIC Securities, on a best effort basis, to the Placee(s). CICC, to the best of the Directors' knowledge, is an Independent Third Party.

CRIC Securities has been appointed as the placing agent to place, or procure the placing of, up to 40% of the 1,620,535,238 Unsubscribed Rights Shares, on a best effort basis, to the Placee(s). As at the Latest Practicable Date, CRIC Securities is a wholly-owned subsidiary of CRIC Capital Service, which is owned as to 52.01%, 34.99%, 8% and 5% by Mr. Zhou Xin (being a substantial shareholder, executive Director and chairman of the Company as at the Latest Practicable Date) indirectly through E-House (China) Holdings, the Company through its wholly-owned subsidiary and two Independent Third Parties, respectively. Therefore, CRIC Securities is an associate of Mr. Zhou Xin and a connected person of the Company. The transactions with CRIC Securities contemplated under the Placing Agreements constitute *de minimis* transactions and are fully exempt from the annual reporting, announcement, independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

Placing period: The period commencing on the Business Day following the announcement of the number of the Unsubscribed Rights Shares to be published by the Company on the Stock Exchange's website and the Company's website ("**Commencement Date**"), and terminating at 6:00 p.m. on the Commencement Date, unless otherwise agreed between the parties or terminated earlier pursuant to the terms of the Placing Agreements.

Placing commission payable to the Placing Agents and expenses:

(i) Placing commission payable to CICC: the amount equal to 0.6% of the gross proceeds from the successful issuance of the Rights Shares.

(ii) Placing commission payable to CRIC Securities: the amount equal to 0.2% of the gross proceeds from the successful issuance of the Rights Shares. In addition, the Company may, taking into account CRIC Securities' performance in relation to the Placing, at its discretion pay an incentive fee of up to 0.4% of the gross proceeds from the successful issuance of the Rights Shares. When the Company determines the amount of the incentive fee payable to CRIC Securities, it will take into account various factors, including (i) the actual number of the Unsubscribed Rights Shares successfully placed by CRIC Securities, (ii) the final placing price of the Unsubscribed Rights Shares, and (iii) the proportion of the number of Unsubscribed Rights Shares successfully placed by CRIC Securities to the total number of Unsubscribed Rights Shares successfully placed by the Placing Agents.

(iii) Out-of-pocket expenses properly and reasonably incurred by the Placing Agents in relation to the Placing, which shall be reimbursed separately by the Company.

Placing price of the Unsubscribed Rights Shares: The placing price of the Unsubscribed Rights Shares shall be at least equal to the Subscription Price (exclusive of any brokerage, AFRC transaction levy, SFC transaction levy and the Stock Exchange trading fee as may be payable).

The final price will be determined based on the demand for and market conditions of the Unsubscribed Rights Shares during the process of placement.

Placees: The Unsubscribed Rights Shares shall only be offered by the Placing Agents to Placee(s) who and whose ultimate beneficial owner(s) are Independent Third Party(ies) and not acting in concert with Mr. Zhou Xin and his concert parties (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace) and/or any of the Company's connected persons.

Ranking of the Unsubscribed Rights Shares: The Unsubscribed Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.

Placing conditions: The Placing under each of the Placing Agreements is subject to and conditional upon:

(i) the passing by the Independent Shareholders at the EGM and the Disposal EGM of (1) ordinary resolutions to approve the Underwriting Agreement, the Placing Agreements, the Rights Issue, the Special Deals and the transactions contemplated thereunder; and (2) a special resolution to approve the Whitewash Waiver (at least 75% of the Independent Shareholders at the EGM by way of poll) in accordance with the Listing Rules and the Takeovers Code, respectively;

(ii) the Stock Exchange having granted or having agreed to grant the listing of, and permission to deal in, the Rights Shares (in their nil paid and fully paid forms) on the Stock Exchange;

(iii) all necessary consents and approvals to be obtained on the part of the Placing Agents and the Company in respect of the Placing Agreements and the transactions contemplated thereunder having been obtained;

(iv) the Placing Agreements not having been terminated in accordance with the termination clause contained therein;

(v) the Underwriting Agreement having become unconditional;

(vi) the delivery to the Stock Exchange and filing and registration of all documents in relation to the Rights Issue as required by law to be filed by and registered with the Hong Kong Companies Registry; and

(vii) the posting of copies of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus (stamped "For Information Only") to the Non-Qualifying Shareholders for information purpose only.

In addition to the above, the Placing under the CICC Placing Agreement is subject to and conditional upon:

(i) the representations and warranties made by the Company pursuant to the CICC Placing Agreement being true and accurate and not misleading as of the date of the CICC Placing Agreement and the date of the completion of the Placing;

(ii) the Company having complied with all of the agreements and undertakings and satisfied all of the conditions to be complied with or satisfied under the CICC Placing Agreement on or before the date of the completion of the Placing; and

(iii) CICC having received on the date of the completion of the Placing: (a) the final draft or substantially complete draft of the filing report in relation to the Rights Issue and the Placing and any transactions contemplated by the CICC Placing Agreement and any relevant supporting materials (including, but not limited to, the PRC legal opinion to be issued by the counsel for the Company on the PRC laws, where applicable) to the CSRC, such drafts to be in form and substance reasonably satisfactory to CICC; (b) a legal opinion from the Company's Cayman legal advisor relating to the matters as CICC shall reasonably request, such opinion to be in form and substance reasonably satisfactory to CICC; and (c) a legal opinion from the Company's Hong Kong legal advisor in form and substance reasonably satisfactory to CICC.

None of the above conditions is capable of being waived in whole or in part by any party to the Placing Agreements.

Completion date of the Placing: The day on which the Rights Shares (in fully-paid form) having been duly issued and allotted to the Qualifying Shareholders on the terms as set out in the Prospectus Documents.

The terms of the Placing Agreements (including the placing commission payable to the Placing Agents as described above) were determined after arm's length negotiation between the Placing Agents and the Company with reference to the size of the Rights Issue and the prevailing market rate of commission and are on normal commercial terms. The Directors (other than members of the Listing Rules IBC and the Takeovers Code IBC whose opinion are set forth in the Listing Rules IBC Letter from pages 66 to 67 and Takeovers Code IBC Letter from pages 68 to 70, respectively, after reviewing and considering the advice from the Independent Financial Adviser) consider that the terms of the Placing Agreements are fair and reasonable.

Given that the Compensatory Arrangements would provide a compensatory mechanism for the No Action Shareholders, the Directors (other than members of the Listing Rules IBC and the Takeovers Code IBC whose opinion are set forth in the Listing Rules IBC Letter from pages 66 to 67 and Takeovers Code IBC Letter from pages 68 to 70, respectively, after reviewing and considering the advice from the Independent Financial Adviser) consider that the Compensatory Arrangements are in the interest of the minority Shareholders.

As at the Latest Practicable Date, none of the conditions of the Placing Agreements mentioned above has been fulfilled.

THE UNDERWRITING AGREEMENT

The Rights Shares (other than those agreed to be taken up by CRE Corp, E-House (China) Holdings, On Chance and Regal Ace pursuant to the Irrevocable Undertaking) will be fully underwritten by Mr. Zhou Xin in accordance with the terms of the Underwriting Agreement. The principal terms and conditions of the Underwriting Agreement are set out below:

Date:	19 June 2023 (after trading hours of the Stock Exchange)
Underwriter:	Mr. Zhou Xin is a substantial shareholder, executive Director and chairman of the Company as at the Latest Practicable Date. Mr. Zhou Xin has a right to designate a company wholly-owned by him to subscribe for the Untaken Rights Shares. It is not in the ordinary course of business of Mr. Zhou Xin to underwrite securities
Number of Rights Shares to be underwritten by the Underwriter:	1,620,535,238 Rights Shares (assuming no new Shares will be issued or repurchased on or before the Record Date)
Underwriting Commission:	Nil

Save for the Underwriting Agreement, the Company has not entered into any agreement, arrangement, understanding or undertaking in regard of the Rights Issue with the Underwriter or any of its connected persons and their respective associates.

Subject to the fulfilment of the conditions contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms of the Underwriting Agreement, Mr. Zhou Xin has agreed to subscribe or designate a company wholly-owned by him to subscribe for the Untaken Rights Shares (being any Unsubscribed Rights Shares that are not placed by the Placing Agents under the Placing Agreements).

The terms of the Underwriting Agreement were determined after arm's length negotiations between the Company and Mr. Zhou Xin with reference to the financial position of the Group, the size of the Rights Issue, the current and expected market conditions, taking into consideration the intention of the Underwriter to facilitate the Company's fundraising efforts for its restructuring scheme. Given the Company's circumstances (including its financial conditions) and the terms of the underwriting arrangement which would have involved no underwriting fees or commissions, after several attempts to seek a financial institution that agrees to be an underwriter of the Rights Issue, the Company subsequently concluded that (i) it was impractical to engage a third party who is not related to the Company to be an underwriter of the Rights Issue, and (ii) Mr. Zhou Xin, being a founder and the single largest Shareholder of the Company, was the most appropriate and relevant stakeholder to be the underwriter.

The Directors (other than members of the Listing Rules IBC and the Takeovers Code IBC whose opinion are set forth in the Listing Rules IBC Letter from pages 66 to 67 and Takeovers Code IBC Letter from pages 68 to 70, respectively, after reviewing and considering the advice from the Independent Financial Adviser) are of the view that the terms of the Underwriting Agreement are fair and reasonable, and the transactions contemplated under the Underwriting Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Conditions of the Underwriting Agreement

The obligations of the Underwriter under the Underwriting Agreement are conditional on the fulfilment of the following conditions:

(i) the passing by the Independent Shareholders at the EGM and the Disposal EGM of (1) ordinary resolutions to approve the Underwriting Agreement, the Placing Agreements, the Rights Issue, the Special Deals and the transactions contemplated thereunder (more than 50% of the Independent Shareholders at the EGM and the Disposal EGM by way of poll); and (2) a special resolution to approve the Whitewash Waiver (at least 75% of the Independent Shareholders at the EGM by way of poll) in accordance with the Listing Rules and the Takeovers Code by no later than the Prospectus Posting Date;

(ii) the passing by the Shareholders at the general meeting of the Company of ordinary resolutions to approve all transactions in relation to the New Schemes that require shareholders' approval in accordance with the Listing Rules and the Takeovers Code by no later than the Prospectus Posting Date;

(iii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares by no later than the first day of their dealings;

(iv) the delivery to the Stock Exchange for authorization and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong, not later than the Prospectus Posting Date;

(v) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;

(vi) the Executive granting the Whitewash Waiver to the Underwriter and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;

(vii) the compliance with and performance of all the undertakings and obligations of the Underwriter under the Irrevocable Undertaking; and

(viii) the Executive granting consent under Rule 25 of the Takeovers Code in respect of Special Deals.

None of the above conditions precedent is capable of being waived. As at the Latest Practicable Date, none of the conditions of the Underwriting Agreement mentioned above has been fulfilled.

If any of the conditions precedent are not satisfied by the Latest Time for Termination, the Underwriting Agreement shall terminate and no party will have any claim against any other party (save for any antecedent breaches and claims thereof).

As at the Latest Practicable Date, save for the approvals set out in conditions (i), (ii), (iii), (iv), (vi) and (viii) above, the authorisation and registration of the Prospectus Documents, and the approval of the Underwriting Agreement by the board of directors of the Underwriter, the Company is not aware of other consents or approvals that require to be obtained on the part of each of the Underwriter and the Company in respect of the Underwriting Agreement and the transactions contemplated thereunder.

As at the Latest Practicable Date, the Company does not believe that the Rights Issue, the Underwriting Agreement, the Placing Agreements, the Special Deals and the transactions contemplated thereunder and the Whitewash Waiver would give rise to any concerns in relation to compliance with other applicable laws or regulations (including the Listing Rules).

Termination of the Underwriting Agreement

The Underwriter shall be entitled by a notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement if, prior to the Latest Time for Termination:

1. in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:

   (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole or is materially adverse in the context of the Rights Issue; or

   (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date thereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

2. any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

3. any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which in the reasonable opinion of the Underwriter will materially and adversely affect the success of the Rights Issue and/or the prospects of the Company taken as a whole; or

4. any other material adverse change in relation to the business or the financial or trading position or prospects of the Company as a whole whether or not ejusdem generis with any of the foregoing; or

5. any matter which, had it arisen or been discovered immediately before the date of the Prospectus Documents and not having been disclosed in the Prospectus Documents, would have constituted, in the reasonable opinion of the Underwriter, an omission which is material in the context of the Rights Issue; or

6. any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Rights Issue Announcement or the Prospectus Documents or other announcements in connection with the Rights Issue.

If prior to the Latest Time for Termination any such notice as is referred to above is given by the Underwriter, all obligations of all parties under the Underwriting Agreement shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement will be made by the Company if the Underwriting Agreement is terminated by the Underwriter.

EFFECTS ON THE SHAREHOLDING STRUCTURE

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) following completion of the Rights Issue in different scenarios, in each case assuming no new issue or repurchase of Shares up to completion of the Rights Issue save for the Rights Shares. The scenarios assume:

(a) full acceptance of the Rights shares by all Qualifying Shareholders;

(b) nil acceptance of the Rights Shares by the Qualifying Shareholders (other than Mr. Zhou Xin and CRE Corp, E-House (China) Holdings, On Chance and Regal Ace pursuant to the Irrevocable Undertaking) and 100% of the Unsubscribed Rights Shares are fully placed to the Placees under the Compensatory Arrangements; and

(c) nil acceptance of the Rights Shares by the Qualifying Shareholders (other than CRE Corp, E-House (China) Holdings, On Chance and Regal Ace pursuant to the Irrevocable Undertaking) and 100% of the Untaken Rights Shares are taken up by the Underwriter.

	(i) As at the Latest Practicable Date		(ii) Immediately following completion of the Rights Issue, and assuming (a) Full acceptance of the Rights Shares by all Qualifying Shareholders		(b) Nil acceptance of the Rights Shares by the Qualifying Shareholders (other than CRE Corp, E-House (China) Holdings, On Chance and Regal Ace pursuant to the Irrevocable Undertaking) and all of the Unsubscribed Rights Shares are placed to the Placees under the Compensatory Arrangements		(c) Nil acceptance of the Rights Shares by the Qualifying Shareholders (other than CRE Corp, E-House (China) Holdings, On Chance and Regal Ace pursuant to the Irrevocable Undertaking), none of the Unsubscribed Rights Shares are placed and all of the Untaken Rights Shares are taken up by Mr. Zhou Xin	
	No. of Shares	*%*	*No. of Shares*	*%*	*No. of Shares*	*%*	*No. of Shares*	*%*
CRE Corp *(Note 1)*	228,920,000	13.09	503,624,000	13.09	503,624,000	13.09	503,624,000	13.09
E-House (China) Holdings *(Note 2)*	146,918,440	8.40	323,220,568	8.40	323,220,568	8.40	323,220,568	8.40
On Chance *(Note 3)*	20,000,000	1.14	44,000,000	1.14	44,000,000	1.14	44,000,000	1.14
Regal Ace *(Note 4)*	2,775,059	0.16	6,105,129	0.16	6,105,129	0.16	6,105,129	0.16
Mr. Zhou Xin *(Note 5)*	398,613,499	22.79	876,949,697	22.79	876,949,697	22.79	2,497,484,934 *(Note 6)*	64.90
Mr. Zhou Xin and parties acting in concert or presumed acting in concert with him ***(Note 5)***	398,613,499	22.79	876,949,697	22.79	876,949,697	22.79	2,497,484,934	64.90
Placees	–	0	–	0	1,620,535,238	42.11	–	0
Taobao China	145,588,000	8.32	320,293,600	8.32	145,588,000	3.78	145,588,000	3.78
Other public Shareholders	1,204,858,031	68.89	2,650,687,668	68.89	1,204,858,031	31.31	1,204,858,031	31.31
Total ***(Note 7)***	1,749,059,530	100.00	3,847,930,966	100.00	3,847,930,966	100.00	3,847,930,966	100.00

Notes:

(1) CRE Corp is a wholly-owned subsidiary of E-House (China) Holdings, itself a wholly-owned subsidiary of E-House Holdings.

(2) E-House (China) Holdings is a subsidiary of E-House Holdings, which 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.

(3) On Chance is wholly owned by Mr. Zhou Xin.

(4) Regal Ace is wholly owned by Mr. Zhou Xin.

(5) In addition to the Shares set out above, Mr. Zhou Xin is also interested in 14,460,000 Shares to be issued upon exercise of options granted under the Pre-IPO Share Option Scheme. As at the Latest Practicable Date, the options exercisable into 14,460,000 Shares held by Mr. Zhou Xin remain outstanding. As at the Latest Practicable Date, other than Mr. Zhou Xin, none of the Directors or their associates hold any Shares.

(6) Pursuant to the Underwriting Agreement, Mr. Zhou Xin has a right to designate a company wholly-owned by him to subscribe for the Untaken Rights Shares. For illustration purposes, we assume that all of the Untaken Rights Shares will be taken up by Mr. Zhou Xin.

(7) The aggregate of the percentage figures in the above table may not add up to 100% due to rounding of the percentage figures to two decimal places. The aggregate of the number Shares shown in the above table may not add up to the aggregate of number of Shares in issue as at the Latest Practicable Date and the number of Rights Shares to be issued, due to the treatment of fractional entitlements. No fractional entitlements to the Rights Shares shall be issued to the Shareholders and no entitlements of the Non-Qualifying Shareholders to the Rights Shares shall be issued to the Non-Qualifying Shareholders. All fractions of the Rights Shares shall be rounded down to the nearest whole number of Rights Shares and aggregated and, if a premium (net of expenses) can be achieved, sold in the market by the Company for its own benefit.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for Rights Shares will not take place if a tropical cyclone warning signal no. 8 or above, or "extreme conditions" caused by super typhoons, or a black rainstorm warning is:

(a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead the deadline for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; and

(b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead the deadline for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in the section headed "Expected Timetable" in this circular may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

As stated in above, the Company intends to propose the New Schemes to holders of the Old Notes and the CB Holder. If each of the New Schemes is sanctioned by the relevant court and becomes effective, on the Restructuring Effective Date, the Company will pay the Restructuring Consideration to the participating Scheme Creditors consisting of, among other things, 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 Company intends to fund the Cash Consideration under the restructuring plan of the New Schemes with all of the net proceeds from the Rights Issue.

The Board has considered other fund-raising alternatives to pay for the Cash Consideration before resolving to the proposed Rights Issue, including but not limited to debt financing, placing and open offer. The Board considered and noted that, in terms of bank borrowings, since borrowings will carry interest costs and may require the provision of security and creditors will rank before the Shareholders, the Directors are of the view that it will further burden the Company's financial situation and would not be beneficial to the Shareholders as a whole. In addition, the 2022 Note limits the ability of the Company to incur additional indebtedness, and hence it is not practical for the Company to opt for bank borrowings as a fund-raising alternative. On the other hand, the Rights Issue offers existing Shareholders to equally participate to avoid dilution of their shareholdings and to freely trade the rights entitlements. The Board considers (other than members of the Listing Rules IBC and the Takeovers Code IBC whose opinion are set forth in the Listing Rules IBC Letter from pages 66 to 67 and Takeovers Code IBC Letter from pages 68 to 70, respectively, after reviewing and considering the advice from the Independent Financial Adviser) that the Rights Issue is the most suitable channel for the Company to raise funds to implement the New Schemes and is in the interests of the Company and the Shareholders as a whole. The Company intends to apply all the net proceeds from the Rights Issue to pay for the Cash Consideration, which amounted to RMB350 million (equivalent to approximately HK$379.7 million) as at 30 June 2023. The remaining part of the net proceeds, if any, will be used for working capital and general corporate purposes.

INFORMATION ON THE UNDERWRITER

The Rights Issue will be underwritten by Mr. Zhou Xin, a substantial shareholder, executive Director and chairman of the Company. Given that Mr. Zhou Xin is a substantial shareholder of the Company, he has satisfied the requirement under Rule 7.19(1)(b) of the Listing Rules that an underwriter of a right issue must be a controlling or substantial shareholder of the relevant issuer. In the event that Mr. Zhou Xin becomes the controlling shareholder of the Company as a result of the taking up of the Unsubscribed Rights Shares under the Underwriting Agreement, it is the intention of Mr. Zhou Xin to continue the existing businesses of the Group. Mr. Zhou Xin has no intention to introduce any major changes to the businesses of the Group or terminate the continued employment of the employees of the Group.

Mr. Zhou Xin, aged 56, is a founder of our business, an executive Director, chairman of the nomination committee, and chairman of the Group. He is primarily responsible for formulating the overall development strategies and business plans of the Group. Mr. Zhou Xin received his bachelor's degree in mechanical design and manufacturing from the Shanghai University (上海大學) in 1990. Mr. Zhou Xin has over 23 years of experience in China's real estate industry. He served as deputy general manager of Shanghai Jinfeng Investments Co., Ltd. (上海金豐投資股份有限公司), a company listed on the Shanghai Stock Exchange with stock code 600606. He has held many roles in E-House (China) Holdings, formerly listed on NYSE with stock code EJ, including as vice chairman and president of E-House Management since 2003, its chairman since 2005 and chief executive officer from 2003 to 2009 and again since 2012. Between 2009 and 2012, Mr. Zhou Xin was the co-chairman and chief executive officer of CRE Corp during the time it was listed on NYSE until it was privatized by E-House (China) Holdings. He has also served as executive chairman of Leju since its inception. Mr. Zhou Xin has also been the director of PRC Holdco since July 2006.

Mr. Zhou Xin has been a director of Leju since its listing in April 2014. Leju is a company listed on NYSE with stock code LEJU and has become a subsidiary of the Company in November 2020. Mr. Zhou Xin was a director of E-House (China) Holdings, a company listed on NYSE with stock code EJ, from its listing in August 2007 to August 2016 when it was delisted.

Mr. Zhou Xin was named the "Person of the Year of Chinese Economy" jointly by SINA Corporation and People's Daily in 2016, received the "China Business Leader Award" from the Eighth China Business Leader Forum in 2016, received the "Outstanding Entrepreneur Award" from Enterprise Asia in 2010, and was awarded the "Special Contribution Award in China's Real Estate Services Industry" in 2005.

Mr. Zhou Xin currently serves as vice-chairman of China Real Estate Association, director of The Nature Conservancy China, vice-chairman of China Real Estate Developers and Investors Associations, and chairman of Real Estate Service Committee of China Real Estate Association. He is also chairman of Shanghai Real Estate Broker Industry Association, and rotating chairman of Shanghai Entrepreneur Association.

Mr. Zhou Xin is also a director of certain of our substantial Shareholders and their subsidiaries and associates, as detailed in the section headed "Relationship with our Controlling Shareholders" in the Company's prospectus in relation to its initial public offering and listing of its Shares on the Main Board of the Stock Exchange dated 10 July 2018.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any fundraising activity involving issue of equity securities in the past twelve months immediately preceding the Rights Issue Announcement and up to the Latest Practicable Date.

LISTING RULES IMPLICATIONS

The Rights Issue, if proceeded with, will increase the issued share capital of the Company by more than 50%. In accordance with Rule 7.19A and Rule 7.27A of the Listing Rules, the Rights Issue is conditional on approval by the Independent Shareholders (comprising both the Qualifying Shareholders and the Non-Qualifying Shareholders) at the EGM at which the controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue. As such, the Directors (excluding the independent non-executive Directors) and their associates shall abstain from voting in favour of the resolution(s) to approve the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deal 1 and the transactions contemplated thereunder, and the Whitewash Waiver, at the EGM. As at the Latest Practicable Date, none of the Directors (other than Mr. Zhou Xin) or their associates held any Shares.

The Rights Issue would result in a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 11%, based on the theoretical diluted price of HK$0.26 per Share and the benchmarked price (as defined under Rule 7.27B of the Listing Rules) of HK$0.29 per Share.

Mr. Zhou Xin, the Underwriter, is a substantial shareholder, an executive Director and the chairman of the Company and therefore a connected person of the Company. Accordingly, the transactions contemplated under the Underwriting Agreement constitute a connected transaction for the Company under the Listing Rules and the Underwriting Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Mr. Zhou Xin, CRE Corp, E-House (China) Holdings, On Chance and Regal Ace, companies that are controlled by Mr. Zhou Xin and interested in the Shares, shall also abstain from voting in favour of the resolution(s) in relation to the Underwriting Agreement at the EGM. In addition, Scheme Creditors who hold any interest in the Shares are considered to be having a material interest in the Rights Issue, and shall also abstain from voting in favour of the resolution(s) in relation to the Underwriting Agreement at the EGM.

Given that Mr. Zhou Xin is a substantial shareholder of the Company, he has satisfied the requirement under Rule 7.19(1)(b) of the Listing Rules that an underwriter of a right issue must be a controlling or substantial shareholder of the relevant issuer.

Mr. Zhou Xin (a substantial shareholder, an executive Director and the chairman of the Company) is the Underwriter, and as such, may have conflict of interests in respect of the Rights Issue, the Underwriting Agreement, the Special Deals and the transactions contemplated thereunder and/or the Whitewash Waiver. He has abstained from voting at the meeting of the Board convened to consider such matters. In addition, Ms. Jiang Shanshan, a non-executive Director, is currently serving as an investment director at Alibaba Holding and may have conflict of interests in respect of the Special Deals. Ms. Jiang has abstained from voting at the meeting of the Board convened to consider such matter.

TAKEOVERS CODE IMPLICATIONS, APPLICATION FOR WHITEWASH WAIVER AND SPECIAL DEALS

Whitewash Waiver

As at the Latest Practicable Date, Mr. Zhou Xin and parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace) are interested in an aggregate of 398,613,499 Shares, representing approximately 22.8% of the issued share capital of the Company. Mr. Zhou Xin has provided the Irrevocable Undertaking to procure the taking up and payment by each of CRE Corp, E-House (China) Holdings, On Chance and Regal Ace, an aggregate of 478,336,198 Rights Shares to be provisionally allotted to them respectively under the Rights Issue. Assuming no Rights Shares are taken up by the Qualifying Shareholders (other than those to be taken up by CRE Corp, E-House (China) Holdings, On Chance and Regal Ace pursuant to the Irrevocable Undertaking) and no Unsubscribed Rights Shares are placed under the Compensatory Arrangements, Mr. Zhou Xin, as the Underwriter, will be required to take up a maximum of 1,620,535,238 Rights Shares. In such circumstances and upon completion of the Rights Issue, assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Rights Shares, Mr. Zhou Xin and parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace) will, in aggregate, be interested in 2,497,484,934 Shares, representing approximately 64.90% of the issued share capital of the Company as enlarged by the issue of the Rights Shares. Accordingly, Mr. Zhou Xin would be required to make a mandatory offer under Rule 26 of the Takeovers Code for all the Shares not already owned or agreed to be acquired by him and parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace), unless the Whitewash Waiver is granted.

An application has been made by Mr. Zhou Xin to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Executive is minded to grant the Whitewash Waiver, subject to, among other things, (i) the approval by at least 75% of the independent votes that are casted by the Independent Shareholders at the EGM by way of poll in respect of the Whitewash Waiver; and (ii) the approval by more than 50% of the Independent Shareholders at the EGM and the Disposal EGM by way of poll in respect of the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deals and the transactions contemplated thereunder, in accordance with Note 1 on dispensations from Rule 26 of the Takeovers Code, to waive the obligations on the part of Mr. Zhou Xin to make a general offer which will result from taking up the Unsubscribed Rights Shares. Mr. Zhou Xin, his associates and parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace), Taobao China and its associates (including the CB Holder) and any Shareholders who are involved in, or interested in (other than by being a Shareholder), or have a material interest in the Rights Issue, the Placing Agreements, the Underwriting Agreement and the transactions contemplated thereunder, and/or the Whitewash Waiver shall abstain from voting on the relevant resolution(s) at the EGM.

If the Whitewash Waiver is granted by the Executive and approvals by the Independent Shareholders are obtained, upon completion of the Rights Issue, assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Rights Shares, the maximum potential holding of voting rights of Mr. Zhou Xin and parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace) in the Company will exceed 50%, Mr. Zhou Xin may thereafter increase its shareholdings in the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.

Special Deals

As of the Latest Practicable Date, Taobao China is interested in 145,588,000 Shares (representing approximately 8.32% of the issued share capital of the Company) and the Company owes debt obligations to the CB Holder (being an associate of Taobao China) in respect of the Convertible Note. Based on the information available to the Company as at the Latest Practicable Date, save as disclosed above, the Company is not aware that there is any other Scheme Creditor being a Shareholder. Under the Takeovers Code, each of (i) the use of proceeds from the Rights Issue to pay the Restructuring Consideration to the CB Holder (being an associate of Taobao China and a Scheme Creditor) and other Scheme Creditors who may also be Shareholders, (ii) on the Restructuring Effective Date, the issuance of new shares of TM Home to Creditor SPV (which will be owned by the Scheme Creditors who are holding the Old Notes and may also be Shareholders), pro rata by reference to the proportion of the aggregate Scheme Creditor Claim held by the holders of the Old Notes at the Record Time, and (iii) on the Restructuring Effective Date, the issuance of new shares of TM Home to the CB Shareholder (being an associate of Taobao China), pro rata by reference to the proportion of the aggregate Scheme Creditor Claim held by the CB Holder at the Record Time would constitute a favorable condition not extended to all Shareholders and therefore a special deal under Rule 25 of the Takeovers Code and requires the consent of the Executive. The Executive's consent, if granted, will be conditional upon (i) the Independent Financial Adviser to the Takeovers Code IBC publicly giving an opinion that the terms of the Special Deals are fair and reasonable; and (ii) the approval of the Independent Shareholders of the Special Deals at one or more shareholders' meetings by way of poll. The Company will seek the consent of the Executive to the Special Deals under Note 5 to Rule 25 of the Takeovers Code.

The Rights Issue is conditional on, among other things, the granting of the Whitewash Waiver by the Executive, the Executive's consent to the Special Deals and the approval by the Independent Shareholders at (i) the EGM in respect of the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deal 1 and the transactions contemplated thereunder and the Whitewash Waiver as mentioned above and (ii) the Disposal EGM in respect of the Disposal, the Special Deal 2 and the Special Deal 3. If the Whitewash Waiver or the consent to the Special Deals is not granted and/or approvals by the Independent Shareholders are not obtained, the Rights Issue will not proceed.

As at the Latest Practicable Date, the Company does not believe that the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deals and the transactions contemplated thereunder and the Whitewash Waiver would give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this circular, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible. The Company notes that the Executive may not grant the Whitewash Waiver or its consent to the Special Deals if the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deals and the transactions contemplated thereunder and the Whitewash Waiver do not comply with other applicable rules and regulations.

For details of the Disposal, the Special Deal 2 and the Special Deal 3, Shareholders should refer to the circular in relation to the Disposal, the Special Deal 2 and the Special Deal 3 to be issued by the Company and the letter of recommendation from the Takeovers Code IBC and the letter of advice from the Independent Financial Adviser therein.

DEALINGS OF THE SHARES BY MR. ZHOU XIN AND PARTIES ACTING IN CONCERT WITH HIM

As at the Latest Practicable Date, Mr. Zhou Xin and the parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace):

(i) do not own, control or have control or direction over any voting rights and right over Shares, outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company, save for the Shares and options as set out in the section headed "Effects on the Shareholding Structure" in this circular;

(ii) have not received any irrevocable commitment to vote for or against the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deals and/or the Whitewash Waiver;

(iii) have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

(iv) do not have any arrangements referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, which might be material to the Rights Issue and/or the Underwriting Agreement and/or the Whitewash Waiver and/or the Special Deals, with any other persons, save for the Underwriting Agreement and the Irrevocable Undertaking therein given by Mr. Zhou Xin in respect of the interests in the Shares held by each of CRE Corp, E-House (China) Holdings, On Chance and Regal Ace;

(v) do not have any agreement or arrangement to which it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Rights Issue and/or the Underwriting Agreement and/or the Whitewash Waiver and/or the Special Deals, except that the Rights Issue and the Underwriting Agreement are conditional upon, among other things, obtaining of the Whitewash Waiver by Mr. Zhou Xin and the Executive's consent to the Special Deals as set out in the sub-section headed "Conditions of the Underwriting Agreement" under the section headed "The Underwriting Agreement" of this circular; and

(vi) have not entered into any derivative in respect of the relevant securities in the Company which are outstanding.

As at the Latest Practicable Date,

(i) apart from the underwriting commission payable by the Company to Mr. Zhou Xin pursuant to the terms of the Underwriting Agreement, the Company has not paid and will not pay any other consideration, compensation or benefit in whatever form to Mr. Zhou Xin and parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace) in connection with the Rights Issue and the Underwriting Agreement;

(ii) apart from the Underwriting Agreement and the Irrevocable Undertaking therein, there is no other understanding, arrangement or special deal between the Group on the one hand, and Mr. Zhou Xin and parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace) on the other hand; and

(iii) save for the Special Deals, there is no understanding, arrangement or agreement or special deal between (a) any Shareholder; and (b) Mr. Zhou Xin and parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace); or the Company, its subsidiaries or associated companies.

During the Relevant Period, neither Mr. Zhou Xin nor any parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace) has dealt in any relevant securities of the Company.

EGM

The register of members of the Company will be closed from Friday, 26 January 2024 to Wednesday, 31 January 2024 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM. For the avoidance of doubt, the Non-Qualifying Shareholders are entitled to attend and vote at the EGM.

A notice convening the EGM to be held at Conference Room, 1/F, Yinli Building, 383 Guangyan Road, Jing'an District, Shanghai, China on Wednesday, 31 January 2024 at 10:00 a.m. is set out on pages 145 to 149 of this circular.

The EGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things, the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deal 1 and the Whitewash Waiver. Only the Independent Shareholders will be entitled to vote on the resolution(s) to approve the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deal 1 and the transactions contemplated thereunder and the Whitewash Waiver at the EGM.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published at the website of the Stock Exchange at www.hkex.com.hk. Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy and indicate voting instruction 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, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time for the holding of the EGM (i.e. by 10:00 a.m. on Monday, 29 January 2024) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof.

In accordance with the Listing Rules and the Takeovers Code, Mr. Zhou Xin, his associates and any parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace), Taobao China and its associates (including the CB Holder) and Shareholders who are involved in, or interested in (other than by being a Shareholder), or have a material interest in the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deals and/or the Whitewash Waiver (including any Scheme Creditors who hold any interest in the Shares) will be required to abstain from voting on the resolution(s) to approve the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deal 1 and the transactions contemplated thereunder and the Whitewash Waiver at the EGM. Save as disclosed in this circular, no other Shareholder is involved or interested in or has a material interest in the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deals and the transactions contemplated thereunder and the Whitewash Waiver and, hence, is required to abstain from voting on the resolution(s) to approve the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deal 1 and the transactions contemplated thereunder and the Whitewash Waiver at the EGM.

Shareholders and potential investors of the Company should note that this circular must be read in conjunction with the circular in relation to the Disposal, the Special Deal 2 and the Special Deal 3 to be issued by the Company. Shareholders should review the aforementioned two circulars together before making their decisions as to voting at the EGM and the Disposal EGM.

THE LISTING RULES IBC, THE TAKEOVERS CODE IBC AND THE INDEPENDENT FINANCIAL ADVISER

The Listing Rules IBC, comprising all the independent non-executive Directors, Mr. Zhang Bang, Mr. Zhu Hongchao, Mr. Wang Liqun and Mr. Li Jin, has been established in accordance with the Listing Rules to give recommendation to the Independent Shareholders in respect of the Rights Issue, the Placing Agreements, the Underwriting Agreement and the transactions contemplated thereunder respectively, and as to the voting action therefor.

The Takeovers Code IBC, comprising Mr. Yang Yong, Mr. Song Jiajun, Mr. Chen Daiping, Mr. Zhang Bang, Mr. Zhu Hongchao, Mr. Wang Liqun and Mr. Li Jin, being all the non-executive Directors (save for Ms. Jiang Shanshan who is currently serving as an investment director at Alibaba Holding and may have conflict of interests in respect of the Special Deals) and independent non-executive Directors, has been established in accordance with Rule 2.8 of the Takeovers Code to give recommendation to the Independent Shareholders in respect of the Rights Issue, the Placing Agreements, the Underwriting Agreement and the transactions contemplated thereunder respectively, the Special Deals and the Whitewash Waiver, and as to the voting action therefor.

Maxa Capital Limited has been appointed as the Independent Financial Adviser to advise (i) the Listing Rules IBC and the Independent Shareholders in respect of the Rights Issue, the Placing Agreements, the Underwriting Agreement and the transactions contemplated thereunder respectively; and (ii) the Takeovers Code IBC and the Independent Shareholders in respect of the Rights Issue, the Placing Agreements, the Underwriting Agreement and the transactions contemplated thereunder respectively, the Whitewash Waiver and the Special Deals, and as to the voting action therefor. The appointment of the Independent Financial Adviser has been approved by the Takeovers Code IBC pursuant to Rule 2.1 of the Takeovers Code.

DESPATCH OF PROSPECTUS DOCUMENTS

Subject to, among other things, the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deal 1 and the transactions contemplated thereunder and the Whitewash Waiver having been approved by the Independent Shareholders at the EGM, the Prospectus Documents or the Prospectus, whichever is appropriate, will be despatched to the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders in due course. For the avoidance of doubt, the Non-Qualifying Shareholders are entitled to attend and vote at the EGM.

RECOMMENDATION

The Directors (excluding the members of the Listing Rules IBC and the Takeovers Code IBC whose views in respect of the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deal 1 and the transactions contemplated thereunder and the Whitewash Waiver are further set out below) consider that the terms of the Rights Issue, the

Placing Agreements, the Underwriting Agreement, the Special Deal 1 and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable, the Whitewash Waiver is fair and reasonable, and the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deal 1 and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (excluding the members of the Listing Rules IBC and the Takeovers Code IBC whose views in respect of the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deal 1 and the transactions contemplated thereunder and the Whitewash Waiver are further set out below) recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Rights Issue, the Underwriting Agreement, the Placing Agreements, the Special Deal 1 and the transactions contemplated thereunder and the Whitewash Waiver.

Having taken into account the advice of Maxa Capital Limited, each of the Listing Rules IBC and the Takeovers Code IBC (excluding Mr. Song Jiajun) considers that the terms of the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deal 1 and the transactions contemplated thereunder are normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Each of the Listing Rules IBC and the Takeovers Code IBC (excluding Mr. Song Jiajun) also considers that the Whitewash Waiver is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, each of the Listing Rules IBC and the Takeovers Code IBC (excluding Mr. Song Jiajun) recommends the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deal 1 and the transactions contemplated thereunder and the Whitewash Waiver.

ADDITIONAL INFORMATION

Your attention is drawn to the letters from the Listing Rules IBC set out on pages 66 to 67 and the Takeovers Code IBC set out on pages 68 to 70 of this circular which contain its recommendation to the Independent Shareholders in respect of the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deal 1 and the Whitewash Waiver. Your attention is also drawn to the letter from Maxa Capital Limited set out on pages 71 to 104 of this circular which contains its advice to the Listing Rules IBC and the Takeovers Code IBC and the Independent Shareholders in respect of the aforesaid regards.

Your attention is also drawn to the additional information contained in the appendices to this circular.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among other things, (i) the passing by the Shareholders at the general meeting of the Company of ordinary resolutions to approve all transactions in relation to the New Schemes that require shareholders' approval in accordance with the

Listing Rules and the Takeovers Code (including the Disposal) by no later than the Prospectus Posting Date, (ii) the Scheme Creditors having approved the Cayman Scheme at the Cayman Scheme Meetings convened to consider the Cayman Scheme, (iii) the Scheme Creditors having approved the HK Scheme at the HK Scheme Meetings convened to consider the HK Scheme, (iv) the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-section headed "Termination of the Underwriting Agreement" in this circular). For details, see the section headed "Conditions of the Rights Issue" in this circular. Accordingly, the Rights Issue may or may not proceed.

The Disposal is expected to constitute a very substantial disposal pursuant to Rule 14.29 of the Listing Rules and be therefore subject to notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules. Furthermore, under the Takeovers Code, each of (i) on the Restructuring Effective Date, the issuance of new shares of TM Home to Creditor SPV (which will be owned by the Scheme Creditors who are holding the Old Notes and may also be Shareholders), pro rata by reference to the proportion of the aggregate Scheme Creditor Claim held by the holders of the Old Notes at the Record Time, and (ii) on the Restructuring Effective Date, the issuance of new shares of TM Home to the CB Shareholder (being an associate of Taobao China), pro rata by reference to the proportion of the aggregate Scheme Creditor Claim held by the CB Holder at the Record Time would constitute a favorable condition not extended to all Shareholders and therefore a special deal under Rule 25 of the Takeovers Code and requires the consent of the Executive. The Disposal EGM will be convened on the same date as the date of the EGM, namely Wednesday, 31 January 2024. For details of the Disposal, please refer to the announcement and circular in relation to the Disposal, the Special Deal 2 and the Special Deal 3 to be issued by the Company. The Company's circular in relation to the Disposal, the Special Deal 2 and the Special Deal 3 is expected to include, among others, (i) financial information of the Group, (ii) financial information of TM Home and its subsidiaries upon completion of the Disposal, (iii) unaudited pro forma financial information of the Group upon completion of the Disposal, (iv) valuation reports of TM Home and CRIC, (v) letters from the Company's accountants and the Independent Financial Adviser in respect of certain financial information and the valuation reports of TM Home and CRIC required under the Listing Rules and Takeovers Code, and (vi) all relevant information relating to the Rights Issue, Whitewash Waiver, Special Deals, and a letter of recommendation from the Takeovers Code IBC and a letter of advice from the Independent Financial Adviser, in relation to, among other things, their respective recommendations on the Special Deal 2 and the Special Deal 3. Shareholders and potential investors of the Company should note that this circular must be read in conjunction with the circular in relation to the Disposal, the Special Deal 2 and the Special Deal 3 to be issued by the Company. Shareholders should review the aforementioned two circulars together before making their decisions as to voting at the EGM and the Disposal EGM.

The Shares are expected to be dealt in on an ex-rights basis from Friday, 2 February 2024 Dealings in the Rights Shares in nil-paid form are expected to take place from Monday, 19 February 2024 to Monday, 26 February 2024. Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and the nil-paid Right Shares.

On behalf of the Board
E-House (China) Enterprise Holdings Limited
ZHOU Xin
Chairman

Set out below is the text of a letter of recommendation from the Listing Rules IBC to the Independent Shareholders in respect of the Rights Issue, the Placing Agreements and the Underwriting Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.

易居企业集团

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)

30 November 2023

To the Independent Shareholders

Dear Sir or Madam,

(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWELVE (12) RIGHTS SHARES FOR EVERY TEN (10) SHARES HELD ON THE RECORD DATE; AND (II) CONNECTED TRANSACTION IN RELATION TO THE UNDERWRITING AGREEMENT

We refer to the circular dated 30 November 2023 of the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Capitalised terms used herein shall have the same meaning as those defined in the Circular unless the context otherwise requires.

We have been appointed as the members of the Listing Rules IBC to advise the Independent Shareholders as to whether the Rights Issue, the Placing Agreements and the Underwriting Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to recommend how the Independent Shareholders should vote at the EGM. Maxa Capital Limited has been appointed as the independent financial adviser to advise us and the Independent Shareholders in these regards. Details of the advice of Maxa Capital Limited, together with the principal factors it has taken into consideration in giving its advice, are contained in its letter set out on pages 71 to 104 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendices to the Circular.

Having taken into account the advice of Maxa Capital Limited, we consider that the Rights Issue and the Placing Agreements and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Independent Shareholders as a whole. We also consider that the Underwriting Agreement is on normal commercial terms, and the terms of the Underwriting Agreement are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, despite the transaction contemplated under the Underwriting Agreement is not in the Company's ordinary and usual course of business. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Rights Issue, the Placing Agreements and the Underwriting Agreement.

Yours faithfully,
For and on behalf of the Listing Rules IBC
E-House (China) Enterprise Holdings Limited

Zhang Bang	**Zhu Hongchao**	**Wang Liqun**	**Li Jin**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*	*Independent non-executive Director*

Set out below is the text of a letter of recommendation from the Takeovers Code IBC to the Independent Shareholders in respect of the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deal 1 and the transactions contemplated thereunder and the Whitewash Waiver, which has been prepared for the purpose of inclusion in 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)

30 November 2023

To the Independent Shareholders

Dear Sir or Madam,

(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWELVE (12) RIGHTS SHARES FOR EVERY TEN (10) SHARES HELD ON THE RECORD DATE;
(II) CONNECTED TRANSACTION IN RELATION TO THE UNDERWRITING AGREEMENT;
(III) APPLICATION FOR WHITEWASH WAIVER; AND
(IV) SPECIAL DEALS

We refer to the circular dated 30 November 2023 of the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Capitalised terms used herein shall have the same meaning as those defined in the Circular unless the context otherwise requires.

We have been appointed as the members of the Takeovers Code IBC to advise the Independent Shareholders as to whether the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deal 1 and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, as to whether the Whitewash Waiver and the Special Deal 1 are fair and reasonable so far as the Independent Shareholders are concerned and to recommend how the Independent Shareholders should vote at the EGM. Maxa Capital Limited has been appointed as the independent financial adviser to advise us and the Independent Shareholders in these regards. Details of the advice of Maxa Capital Limited, together with the principal factors it has taken into consideration in giving its advice, are contained in its letter set out on pages 71 to 104 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendices to the Circular.

Shareholders should note that there is a divergence of view between the Takeovers Code IBC members. Mr. Song Jiajun considers that Management SPV, which is not a part of the Group, would be able to acquire 15% of the shares of TM Home and the Company's shareholding in TM Home will be further reduced after the Restructuring and therefore the terms of the Restructuring are not in the best interests of the Company and its Independent Shareholders as a whole, whereas other Takeovers Code IBC members are of a different opinion.

The arguments for/against the Rights Issue, the Placing Agreements, the Special Deal 1 and the transactions contemplated thereunder and the Whitewash Waiver are summarised below:

For:

(i) upon successful fund raising through the Rights Issue, the Company will be able to address the imminent funding need of the Cash Consideration of approximately HK$379.7 million, being part of the Restructuring Consideration under the New Schemes that offsets the outstanding offshore indebtedness of the Company of approximately HK$6,328.5 million in order to proceed with the Restructuring, the successful completion of which represents one of the determinant factors toward the Group's ability to continue as a going concern;

(ii) considering that the Group experienced a deteriorating cash flows and liquidity with loss for the year amounted to approximately RMB5.0 billion for FY2022 and net liabilities of approximately RMB5.0 billion as at 31 December 2022, the Group has encountered difficulties in raising onshore and offshore financing;

(iii) given that the Cash Consideration constitutes a key component of the Restructuring Consideration, the successful fund raising through Rights Issue could expedite the process of the Restructuring. Through Restructuring, the Company is able to meet its financial commitments and address liquidity issues whilst alleviate its cashflow pressure and provide flexibility to operations, offering the Company necessary financial stability to continue as a going concern and to improve its overall financial position. Upon completion of the Restructuring, the Company is able to prioritize the stabilization of its operations and preserve from liquidation; and

(iv) the Underwriter is willing to support the Restructuring and underwrites the Rights Issue without charging any commission fees.

Against:

(i) TM Home is currently a subsidiary of the Company operating a part of the Group's principal businesses but as a result of the Restructuring, Management SPV, which is not a part of the Group, would be able to acquire 15% of the shares of TM Home and the Company's shareholding in TM Home will be further reduced. Accordingly, the terms of the Restructuring are not in the best interest of the Company and its Independent Shareholders as a whole.

Having taken into account all the factors mentioned above and the principal factors and reasons considered by Maxa Capital Limited (i.e., (i) the Rights Issue could facilitate the process of Restructuring, (ii) the improved financial structure and reduced interest expenses upon completion of the Restructuring, (iii) the negative impact on the Share price of the Company against the background of the going concern issue on whether the Company can complete the Restructuring, and (iv) the negative impact on the Group in the event of failure of the Restructuring), the Takeovers Code IBC members (excluding Mr. Song Jiajun) consider that the Rights Issue, the Placing Agreements, the Special Deal 1 and the transactions contemplated thereunder and the Whitewash Waiver are fair and reasonable and in the interests of the Company and its Independent Shareholders as a whole. The Takeovers Code IBC members (excluding Mr. Song Jiajun) also consider that the Underwriting Agreement is on normal commercial terms, and the terms of the Underwriting Agreement are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, despite the transaction contemplated under the Underwriting Agreement is not in the Company's ordinary and usual course of business. Accordingly, the Takeovers Code IBC members (excluding Mr. Song Jiajun) recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deal 1 and the Whitewash Waiver.

Yours faithfully,
For and on behalf of the Takeovers Code IBC
E-House (China) Enterprise Holdings Limited

Yang Yong
Non-executive Director

Song Jiajun
Non-executive Director

Chen Daiping
Non-executive Director

Zhang Bang
Independent non-executive Director

Zhu Hongchao
Independent non-executive Director

Wang Liqun
Independent non-executive Director

Li Jin
Independent non-executive Director

The following is the full text of the letter from Maxa Capital Limited, the Independent Financial Adviser to the Listing Rules IBC and Takeovers Code IBC and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.

THIS LETTER MUST BE READ IN CONJUNCTION WITH THE CIRCULAR IN RELATION TO THE DISPOSAL, THE SPECIAL DEAL 2 AND THE SPECIAL DEAL 3 TO BE ISSUED BY THE COMPANY.

邁時資本
MAXA CAPITAL

Unit 1908, Harbour Center
25 Harbour Road
Wan Chai
Hong Kong

30 November 2023

To: Listing Rules IBC, Takeovers Code IBC and Independent Shareholders of E-House (China) Enterprise Holdings Limited

Dear Sir or Madam,

**(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWELVE (12) RIGHTS SHARES FOR EVERY TEN (10) SHARES HELD ON THE RECORD DATE;
(II) CONNECTED TRANSACTION IN RELATION TO THE UNDERWRITING AGREEMENT;
(III) APPLICATION FOR WHITEWASH WAIVER;
AND
(IV) SPECIAL DEALS**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Listing Rules IBC and Takeovers Code IBC (together the "**Independent Board Committees**") and the Independent Shareholders in respect of the terms of the Rights Issue, the Underwriting Agreement, the Placing Agreements, the Whitewash Waiver, the Special Deal 1 and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular of the Company dated 30 November 2023 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the Rights Issue Announcement and RSA Announcement that set out the details about the Restructuring. As set out in the Rights Issue Announcement, the Company proposed 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) to fund the Cash Consideration under the Restructuring of approximately HK$379.7 million payable to the participating Scheme Creditors under the New Schemes. The Company also entered into the Underwriting Agreement with Mr. Zhou Xin in respect of the Rights Issue on 19 June 2023, pursuant to which Mr. Zhou Xin has agreed to subscribe or designate a company wholly-owned by him to subscribe for the Untaken Rights Shares, being all the Unsubscribed Rights Shares that are not placed by the Placing Agents, pursuant to the terms and subject to the conditions set out in the Underwriting Agreement.

Assuming there is no new issue or repurchase of Shares (whether pursuant to the Convertible Note, the Pre-IPO Share Option Scheme or otherwise) on or before the Record Date, 2,098,871,436 Rights Shares proposed to be allotted and issued pursuant to the terms of the Rights Issue represent approximately (i) 120% of the total number of existing issued Shares and (ii) 54.5% of the total number of issued Shares as enlarged immediately upon completion of the Rights Issue.

As further announced by the Company on 15 November 2023, the Cayman Scheme Meetings and HK Scheme Meetings were held on 14 November 2023. A total of 614 holders of the Old Notes holding Voting Scheme Claims in respect of the Old Notes of US$597,147,318 attended and voted by proxy at the Noteholders HK Scheme Meeting and the Noteholders Cayman Scheme Meeting. Of those present and voting at the aforementioned meetings, a total of 602 holders of the Old Notes holding Voting Scheme Claims of US$561,989,163 (representing 94.11% by value and 98.05% by number of holders of the Old Notes present and voting at the aforementioned meetings) voted in favour of the New Schemes. In addition, the CB Holder, holding Voting Scheme Claims in respect of the Convertible Note of HK$1,050,760,838.89 attended and voted by proxy in favour of the New Schemes at the CB Holder HK Scheme Meeting and the CB Holder Cayman Scheme Meeting. As such, both the HK Scheme and the Cayman Scheme have been approved by the requisite majorities of Scheme Creditors. The HK Scheme and the Cayman Scheme will be subject to the approval and sanction of the High Court and the Cayman Court, respectively. For details of the results of the Cayman Scheme Meetings and HK Scheme Meetings, please refer to the announcement of the Company dated 15 November 2023.

LISTING RULES AND TAKEOVERS CODE IMPLICATIONS

The Rights Issue, if proceeded with, will increase the issued share capital of the Company by more than 50%. In accordance with Rule 7.19A and Rule 7.27A of the Listing Rules, the Rights Issue is conditional on approval by the Independent Shareholders (comprising both the Qualifying Shareholders and the Non-Qualifying Shareholders) at the EGM at which the controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue. As such, the Directors (excluding independent non-executive Directors) and their associates shall abstain from voting in favour of the resolution(s) to approve the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Whitewash Waiver, the Special Deal 1 and the transactions contemplated thereunder at the EGM. As at the Latest Practicable Date, none of the Directors (other than Mr. Zhou Xin) or their associates hold any Shares.

Mr. Zhou Xin, the Underwriter, is a substantial shareholder, an executive Director and the chairman of the Company and therefore a connected person of the Company. Accordingly, the transactions contemplated under the Underwriting Agreement constitute a connected transaction for the Company under the Listing Rules and the Underwriting Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Assuming (i) no new issue or repurchase of Shares up to completion of the Rights Issue save for the Rights Shares; (ii) nil acceptance of the Rights Shares by the Qualifying Shareholders (other than CRE Corp, E-House (China) Holdings, On Chance and Regal Ace pursuant to the Irrevocable Undertaking); and (iii) no Unsubscribed Rights Shares are placed under the Compensatory Arrangements, the aggregate shareholding of Mr. Zhou Xin and parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace) will increase from the current level of approximately 22.8% to 64.9% of the issued share capital of the Company as enlarged by the issue of the Rights Shares. Accordingly, Mr. Zhou Xin would be required to make a mandatory offer under Rule 26 of the Takeovers Code for all the Shares not already owned or agreed to be acquired by him and parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace), unless the Whitewash Waiver is granted. In addition, (i) the use of the proceeds from the Rights Issue for the payment of Cash Consideration to the CB Holder (being an associate of Taobao China and a Scheme Creditor) and other Scheme Creditors who may also be Shareholder; (ii) on the Restructuring Effective Date, issuance of new shares of TM Home to Creditor SPV (which will be owned by the Scheme Creditors who are holding the Old Notes and may also be Shareholders), pro rata by reference to the proportion of the aggregate Scheme Creditor Claim held by the holders of the Old Notes at the Record Time; and (iii) on the Restructuring Effective Date, the issuance of new shares of TM Home to the CB Shareholder (being an associate of Taobao China), pro rata by reference to the proportion of the aggregate Scheme Creditor Claim held by the CB Holder at the Record Time would constitute a favorable condition not extended to all Shareholders and therefore special deals under Rule 25 of the Takeovers Code and requires the consent of the Executive.

An application has been made by Mr. Zhou Xin to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, (i) the approval by at least 75% of the independent votes that are casted by the Independent Shareholders at the EGM by way of poll in respect of the Whitewash Waiver; and (ii) the approval by more than 50% of the Independent Shareholders at the EGM and the Disposal EGM by way of poll in respect of the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deals and the transactions contemplated thereunder. Mr. Zhou Xin, his associates and parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace), Taobao China and its associates (including the CB Holder) and any Shareholders who are involved in, or interested in (other than by being a Shareholder), or have a material interest in the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Whitewash Waiver, the Special Deal 1 and the transactions contemplated thereunder (including any Scheme Creditors who hold any interest in the Shares), shall abstain from voting on the relevant resolution(s) at the EGM.

The Rights Issue is conditional on, among other things, the granting of the Whitewash Waiver by the Executive, the Executive's consent to the Special Deals and the approval by the Independent Shareholders at (i) the EGM in respect of the Rights Issue, the Underwriting Agreement, the Placing Agreements, the Whitewash Waiver, the Special Deal 1 and the transactions contemplated thereunder as mentioned above and (ii) the Disposal EGM in respect of the Disposal, the Special Deal 2 and the Special Deal 3. If the Whitewash Waiver or the Executive's consent to the Special Deals is not granted and/or approvals by the Independent Shareholders are not obtained, or if any other conditions precedent under the Underwriting Agreement is not fulfilled, the Rights Issue will not proceed.

The Listing Rules IBC, comprising all the independent non-executive Directors, Mr. Zhang Bang, Mr. Zhu Hongchao, Mr. Wang Liqun and Mr. Li Jin, has been established in accordance with the Listing Rules to give recommendation to the Independent Shareholders in respect of the Rights Issue, the Placing Agreements, the Underwriting Agreement and the transactions contemplated thereunder respectively, and as to the voting action therefor.

The Takeovers Code IBC, comprising Mr. Yang Yong, Mr. Song Jiajun, Mr. Chen Daiping, Mr. Zhang Bang, Mr. Zhu Hongchao, Mr. Wang Liqun and Mr. Li Jin, being all the non-executive Directors (save for Ms. Jiang Shanshan who is currently serving as the investment director at Alibaba Holding and may have conflict of interests in respect of the Special Deals) and all the independent non-executive Directors, has been established in accordance with Rule 2.8 of the Takeovers Code to give recommendation to the Independent Shareholders in respect of the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Whitewash Waiver, the Special Deal 1 and the transactions contemplated thereunder respectively and as to the voting action therefor.

We, Maxa Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committees and the Independent Shareholders in respect of the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Whitewash Waiver, the Special Deal 1 and the transactions contemplated thereunder respectively and as to the voting action therefor. Our appointment as the Independent Financial Adviser has been approved by the Takeovers Code IBC pursuant to Rule 2.1 of the Takeovers Code.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company and any of the Company's associates that could reasonably be regarded as relevant to our independence and accordingly, are qualified to give independent advice to the Independent Board Committees and the Independent Shareholders. Save for our appointment as the Independent Financial Adviser, there was no other engagement between the Company and us in the past two years immediately preceding the date of the Rights Issue Announcement and up to the Latest Practicable Date. Apart from the normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we shall receive any other fees or benefits from the Company. We therefore consider ourselves suitable to give independent advice to the Independent Board Committees, as appropriate, pursuant to Rule 13.84 of the Listing Rules and Rule 2.6 of the Takeovers Code.

BASIS OF OUR OPINION

In formulating our opinion, we have reviewed, among other things: (i) the Underwriting Agreement; (ii) the Placing Agreements; (iii) the Irrevocable Undertaking; (iv) the Whitewash Waiver; (v) the summary of the Old Notes and Convertible Note and the consideration under the New Schemes; (vi) the interim report for the six months ended 30 June 2023 of the Company (the "**2023 IR**"); and (vii) the annual reports of the Company for the years ended 31 December 2021 (the "**2021 AR**") and 2022 (the "**2022 AR**"). We consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required to reach an informed view and to provide a reasonable basis for our recommendation. We have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the

Directors and the management of the Group (the "**Management**"). We have assumed that (i) all statements, information and representations provided by the Directors and the Management; and (ii) the information contained in the Circular, for which they are solely responsible, were true and accurate at the time when they were provided and continued to be so as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such information and representations before the EGM. We have also discussed and reviewed the information provided to us by the Company, the Directors and the Management regarding the business and outlook of the Group. We have also assumed that all statements of belief, opinion, intention and expectation made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the representation and opinions expressed by the Company, its advisers, the Directors and the Management. 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 verification of the information included in the Circular and provided to us by the Directors and the Management nor have we conducted any form of in-depth investigation into the business and affairs or prospects of the Group.

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

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. 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. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not be used out of context.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion, we have taken into consideration the following principal factors and reasons:

1 Background information of the Group

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 22 February 2010. The Company's shares have been listed on the Main Board of the Stock Exchange on 20 July 2018. The principal business of the Group is providing real estate transaction services in China, including real estate agency services in the primary market, real estate brokerage network services and real estate data and consulting services.

Set out below are the summarized financial information of the Group for the three years ended 31 December 2020 ("**FY2020**"), 31 December 2021 ("**FY2021**") and 31 December 2022 ("**FY2022**"), as extracted from the 2021 AR and 2022 AR and the six months ended 30 June 2022 ("**1H2022**") and 2023 ("**1H2023**") as extracted from the 2023 IR of the Company:

	For the year ended 31 December			For the six months ended 30 June	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	**8,051,509**	**8,865,987**	**5,033,279**	**2,438,755**	**2,299,491**
- real estate agency services in the primary market	3,203,543	1,989,121	586,473	367,205	128,741
- real estate data and consulting services	987,022	916,682	559,814	296,297	222,043
- real estate brokerage network services	2,732,267	2,517,033	1,576,598	688,959	798,553
- digital marketing services	1,128,677	3,443,151	2,310,394	1,086,294	1,150,154
Profit/(loss) before tax	**691,593**	**(11,903,757)**	**(5,007,513)**	**(1,829,345)**	**(892,218)**
Profit/(loss) for the year	**439,222**	**(12,264,659)**	**(4,968,524)**	**(1,838,303)**	**(864,044)**

As disclosed in the 2021 AR, the revenue of the Group was approximately RMB8.9 billion for FY2021, representing an increase of approximately RMB814.5 million or 10.1% as compared to approximately RMB8.1 billion for FY2020, primarily due to more revenue derived from digital marketing services upon the acquisition of Leju which aggregated to approximately RMB3.4 billion. Revenue derived from (i) real estate agency services in the primary market decreased by approximately RMB1.2 billion primarily due to the decline of gross transaction value ("**GTV**") caused by the overall downturn in the real estate market; (ii) real estate data and consulting services decreased by approximately RMB70.3 million primarily due to the decrease of consulting services as real estate industry has been under severe conditions with transactions continuing to decrease and several property developers facing credit crisis; (iii) real estate brokerage network services decreased by approximately RMB215.2 million primarily due to decline of GTV caused by the overall downturn in the real estate market; and (iv) digital marketing services increased by approximately RMB2.3 billion primarily due to the acquisition of Leju in November 2020. In 2021, the real estate industry has been under severe conditions, with transactions continuing to decrease and several property developers were facing credit crisis. As the primary downstream service platform of China's real estate industry, the Group was also affected by the chain reaction of the industry. The loss for the year amounted to approximately RMB12.3 billion for FY2021 as compared to profit for the year of approximately RMB439.2 million for FY2020, which was primarily due to the increase in loss allowance on financial assets such as receivables at fair value through other comprehensive income ("**FVTOCI**"). Increase in the expected credit loss (the "**ECL**") primarily arise from the recognition of additional loss allowance on ECL of the Group's outstanding trade related receivables from certain of the Group's customers engaged in property development whose credit qualities have worsened.

As disclosed in the 2022 AR, the revenue of the Group was approximately RMB5.0 billion for FY2022, representing a decrease of approximately RMB3.8 billion or 43.2% as compared to approximately RMB8.9 billion for FY2021, primarily due to the transformation of China's real estate market and the business disruptions affected by the COVID-19 pandemic. Revenue derived from (i) real estate agency services in the primary market decreased by approximately RMB1.4 billion, primarily due to the decline of GTV caused by the disposal of Shanghai Weijia Real Estate Consulting Co., Ltd. on 29 March 2022; (ii) real estate data and consulting services decreased by approximately RMB356.9 million primarily due to the overall downturn of real estate market; (iii) real estate brokerage network services decreased by approximately RMB940.4 million primarily due to decline of GTV caused by the overall downturn in the real estate market; and (iv) digital marketing services decreased by approximately RMB1.1 billion primarily due to decrease in revenues from e-commerce services and online advertising services. The loss for the year for FY2022 narrowed to approximately RMB5.0 billion comparing to loss of approximately RMB12.3 billion for FY2021, primarily due to the decline in the Group's business scale and operating cost resulting from the overall downturn in the real estate market.

For 1H2023, the Group's revenue amounted to approximately RMB2.3 billion, representing a decrease of approximately 5.7% as compared to that for 1H2022, which is mainly attributable to (i) the decrease in revenue derived from real estate agency services in the primary market of approximately 64.9%, primarily due to the decline of GTV caused by the disposal of Shanghai Weijia Real Estate Consulting Co., Ltd. on 29 March 2022; (ii) the decrease in revenue derived from real estate data and consulting services of approximately 25.1%, primarily due to a decrease in revenue from the Group's rating and ranking services and data services; and (iii) was partially offset by the increase in revenue derived from real estate brokerage network services of approximately 15.9% and the increase in revenue derived from digital marketing services of approximately 5.9%, primarily due to both the increase of GTV and commission rate and the increase of revenue from the information service platform of Tmall Haofang, respectively. The loss for the year for 1H2023 narrowed to approximately RMB864.0 million comparing to loss of approximately RMB1.8 billion for 1H2022, primarily due to the Group continued to focus on cost reduction and cash flow.

We noted that, in terms of the average percentage of segment revenue for Remaining Businesses for the three years ended 31 December 2022 (i) the segment revenue of real estate agency services in the primary market accounted for an average of approximately 24.6% of the revenue of the Group; and (ii) the segment revenue of real estate brokerage network services accounted for an average of approximately 31.2% of the revenue of the Group.

	As at 31 December			As at 30 June
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)
Non-current assets	**5,320,806**	**4,575,158**	**3,034,903**	**2,821,566**
Right-of-use assets	542,331	350,755	299,622	203,555
Intangible assets	699,474	1,907,583	552,954	498,180
Other non-current assets	594,366	83,020	71,558	67,684
Current assets	**20,452,136**	**7,554,158**	**2,816,050**	**2,173,034**
Accounts receivables and bills receivables	1,066,285	223,639	23,589	20,968
Other receivables	2,322,991	621,624	512,143	373,240
Receivables at FVTOCI (accounts receivables, bills receivables, and amounts due from related parties – accounts receivables)	6,965,579	2,251,496	696,368	439,457
Cash and cash equivalents	7,515,836	3,314,741	1,246,583	1,021,256
Total assets	**25,772,942**	**12,129,316**	**5,850,953**	**4,994,600**
Current liabilities	**9,230,113**	**8,586,131**	**10,077,408**	**10,222,489**
Accounts payables and other payables	2,351,528	1,908,540	1,995,447	2,111,734
Bank borrowings and other borrowings	3,593,738	3,669,351	4,529,234	4,650,226
Convertible note	–	–	870,833	928,584
Non-current liabilities	**5,049,178**	**3,553,180**	**801,417**	**679,660**
Bank borrowings and other borrowings	3,775,538	2,435,981	485,947	445,642
Convertible note	840,372	756,912	–	–
Total liabilities	**14,279,291**	**12,139,311**	**10,878,825**	**10,902,149**
Net current (liabilities)/assets	**11,222,023**	**(1,031,973)**	**(7,261,358)**	**(8,049,455)**
Net (liabilities)/assets	**11,493,651**	**(9,995)**	**(5,027,872)**	**(5,907,549)**

As disclosed in the 2021 AR, the Group had total assets of approximately RMB12.1 billion for FY2021, representing a decrease of approximately RMB13.6 billion or 52.9% as compared to that for FY2020, which was mainly attributable to the combined effects of (i) the decrease in receivables at FVTOCI, which includes accounts receivables and bills receivables and amounts due from related parties, by approximately RMB4.7 billion resulting from the disposal of receivables at FVTOCI through certain factoring arrangement; (ii) the decrease in cash and cash equivalents by approximately RMB4.2 billion, which was mainly due to the combined effect of loss for the year of approximately RMB12.3 billion and repayments of bank and other borrowings of approximately RMB3.8 billion; and (iii) a decrease in other receivables by approximately RMB1.7 billion due to the recognition of additional loss allowance on ECL of the Group's outstanding trade related receivables from certain of the

Group's customers engaged in property development whose credit qualities have worsened. The Group had total liabilities of approximately RMB12.1 billion for FY2021, representing a decrease of approximately RMB2.1 billion or approximately 15.0% as compared to that for FY2020, which was mainly attributable to the combined effects of (i) the decrease in other borrowings by approximately RMB1.4 billion resulting from the repayment; and (ii) a decrease in other payables by approximately RMB261.5 million, which was primarily attributable to the decline in the Group's business scale. As of 31 December 2021, the gearing ratio of the Group, which is calculated by dividing total debt (all bank and other borrowings) by total assets (the "**Gearing Ratio**") was approximately 56.6%, as compared with approximately 31.9% as of 31 December 2020. The Group recorded net assets of approximately RMB11.5 billion and net current assets of approximately RMB11.2 billion as at 31 December 2020 and deteriorated to net deficits of approximately RMB10.0 million and net current liabilities of approximately RMB1.0 billion respectively as at 31 December 2021, which indicates that the Company was facing severe liquidity and cash flow constraint.

As disclosed in the 2022 AR, the Group had total assets of approximately RMB5.9 billion for FY2022, representing a decrease of approximately RMB6.3 billion or 51.8% as compared to that for FY2021, which was mainly attributable to the combined effects of (i) the decrease in the intangible assets by approximately RMB1.4 billion resulting from the recognition of the impairment of exclusive cooperative rights on Leju and TM Home considering the operation may be discontinued from the Group subject to the Restructuring; (ii) a decrease in receivables at FVTOCI by approximately RMB1.6 billion, which was primarily attributable to the continued industry downturn during 2022 and the Group's inability to recover a substantial portion of its outstanding accounts receivables as certain of the Group's customers engaged in property development whose credit qualities have worsened since the first half of 2021; and (iii) the decrease in cash and cash equivalents by approximately RMB2.1 billion, which was mainly resulting from the net cash outflow from operating activities of approximately RMB1.1 billion for FY2022 against the background of unprecedented challenge and turmoil in China's real estate industry. The Group had total liabilities of approximately RMB10.9 billion for FY2022, representing a decrease of approximately RMB1.3 billion or approximately 10.4% as compared to that for FY2021, which was mainly attributable to the repayment of bank borrowings of approximately RMB1.5 billion. As at 31 December 2022, the Gearing Ratio was approximately 100.6%, representing an increase of approximately 44.0% as compared with approximately 56.6% as at 31 December 2021. The Group's net deficits further increased to approximately RMB5.0 billion from net deficits of approximately RMB10.0 million and the net current liabilities widened to approximately RMB7.3 billion as at 31 December 2022 from RMB1.0 billion as at 31 December 2021, demonstrating a further deterioration of the Group's financial position. The auditor of the Company did not express an opinion in the 2022AR because of the significance of the material uncertainty relating to the going concern issue. The consolidated financial statements thereof were prepared on a going concern basis, the validity of which depends upon (i) the successful completion of various debt restructuring measures; (ii) the successful disposal of investment property and (iii) improvement of operating performance that certain measures to improve its financial position, to provide liquidity and cashflow.

As disclosed in the 2023 IR, the Group had total assets of approximately RMB5.0 billion for 1H2023, representing a decrease of approximately 14.6% as compared to that for FY2022, which was mainly attributable to the combined effects of (i) the decrease in other receivables and receivables at FVTOCI by approximately RMB138.9 million and approximately RMB256.9 million, respectively, which was primarily attributable to certain property developer customer had become overdue; and (ii) the decrease in cash and cash equivalents by approximately RMB225.3 million. The Group had total liabilities of approximately RMB10.9 billion for 1H2023, representing an increase of approximately RMB23.3 million as compared to that for FY2022, which was mainly attributable to the increase of accounts payables and other payables of approximately RMB116.3 million. As at 30 June 2023, the Gearing Ratio was approximately 120.6%, representing an increase of approximately 20.0% as compared with approximately 100.6% as at 31 December 2022. The increase was primarily due to the decrease of total assets.

Trading prospect

To evaluate the prospect of the Group, we reviewed the 2022 AR, which described China's real estate industry in 2022 had experienced unprecedented challenges and turmoil, partly as a result of COVID-19 related disruptions in economic activities and negative market sentiment. Many leading property developers, including the majority of the Group's clients, faced sharp decrease in sales and severe liquidity constraints and many of them defaulted on their external liabilities. This led to not only a substantial decline in the Group's revenues, especially from real estate agency services in the primary market, but further delays in collection of accounts receivables. Due to serious liquidity constraints caused by large amount of unpaid accounts receivables, the Group announced in March 2022 an offshore debt restructuring with respect to its senior notes due 2022 and 2023. However, due to the continued industry downturn during 2022 and the Group's inability to recover a substantial portion of its outstanding accounts receivables, the offshore debt restructuring did not become effective on 14 December 2022.

The Company has been in active discussions with its advisers to formulate a new restructuring plan that appropriately takes into consideration the positions of all stakeholders. In order to restructure the Company's debt obligations, including the Old Notes and the Convertible Note, the Group proposed the New Schemes to holders of the Old Notes and Convertible Note on 2 April 2023, details of which can be reference to RSA Announcement. Meetings of the Scheme Creditors were held on 14 November 2023 for the purposes of considering and, if thought fit, approving the New Schemes. 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, as defined in the Board Letter, to the participating Scheme Creditors. The overall principle of the Restructuring is to give the Scheme Creditors a combination of cash and a controlling equity interest in TM Home. TM Home will, upon completion of the Restructuring, (a) hold and operate the Company's two existing lines of business, being (i) real estate data and consulting services business currently operated under CRIC Holdings Limited; and (ii) online real estate marketing service business in partnership with Tmall Network, which also includes a controlling stake in Leju, a company listed on the New York Stock Exchange and a leading online-to-offline real estate services provider in China and that is 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 and such real estate brokerage network services will be transferred to the PRC Holdco before the completion of the Disposal. Accordingly, this is effectively a disposal by the Group of TM Home, CRIC, Leju and their respective subsidiaries and upon completion of the Disposal, TM Home, CRIC, Leju and their respective subsidiaries will cease to be subsidiaries of the Company and the Company's real estate brokerage network services conducted under the "Fangyou" brand name will continue to be operated by the Company. Further details about the Disposal, please refer to the Board Letter and the circular to be published by the Company in relation to the Disposal.

Upon the completion of the Restructuring and 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, the Management expects 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 new real estate projects developed by its developer customers, managing the sales center and show room, and facilitating sales transactions; and (ii) real estate brokerage network services, under the "Fangyou" brand, which primarily include integrating small and medium-sized secondary real estate brokerage stores in the PRC and empowering them with rich resources to enhance their business operations (collectively, the "**Remaining Businesses**").

The Company's real estate agency services in the primary market have been the Group's main business segment since its establishment while the Group has been providing real estate brokerage network services since 2016. As mentioned in the section headed "1 Background information of the Group", the Remaining Businesses accounted for an average of approximately 55.8% of the revenue of the Group for the three years ended 31 December 2022. Accordingly, the Remaining Businesses still accounted for a large portion of the total revenue of the Group and remains to be the core business of the Group. 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. As discussed with the Management, in view of the downturn of the PRC real estate industry and the resulting liquidity constraints, the Group has been focused on implementing cost-control measures while expansion will be considered and carried out only if the industry shows substantial improvement in terms of market sentiment and transactional activities. If the Restructuring is not able to implement, we are of the view that the Group's net deficit position and liquidity issue will continue to hinder its normal operation, in particularly when the Group remained at net loss of RMB864.0 million in 1H2023.

2 Reasons for the Rights Issue and the Use of Proceeds

2.1 Background of the Rights Issue

As advised by the Management, the Restructuring serves as an integral part of the Company's plan to restructure its outstanding offshore indebtedness and lower its gearing and it is an essential step to meet the needs of all stakeholders while maintaining a significant portion of the Group's core businesses, namely the Remaining Business, for operation as a leading real estate service provider in the PRC. The outstanding offshore indebtedness of the Company to be discharged under the New Schemes consists of the principal and accrued interest of Old Notes and Convertible Note (the "**Total Outstanding Offshore Indebtedness**") with a total value of HK$6,328.5 million as of 30 June 2023, while the Restructuring Consideration to the participating Scheme Creditors consists 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 (the "**Cash Consideration**"); (ii) in the case of a Scheme Creditor that is a holder of the Old Notes, shares in Creditor SPV transferred 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) 65% equity interest in the share capital of TM Home (including business of CRIC Holdings Limited and excluding business of Fangyou) will be held collectively by Creditor SPV, the CB Shareholder and the TM Home Minority Shareholder. Set out below is the outstanding offshore indebtedness of the Company:

Outstanding offshore indebtedness of the Company:

Type	**Maturity**	**Value (HK$ in million)**	
US$298,200,000 7.625% senior notes due 2022 (default)	18 April 2022	Principal	2,340.9
		Accrued interest	303.4
US$300,000,000 7.60% senior notes due 2023 (default)	10 June 2023	Principal	2,355.0
		Accrued interest	278.4
HK$1,031,900,000 2.0% convertible note due 2023 (cross-defaulted)	4 November 2023	Principal	1,031.9
		Accrued interest	18.9
Total Outstanding Offshore Indebtedness			6,328.5

Notes:

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

2. The accrued interest was calculated as of 30 June 2023.

As confirmed by the Management, the full amount of the Total Outstanding Offshore Indebtedness will be settled pursuant to the Restructuring, if becomes effective.

The Company intends to apply the net proceeds from the Rights Issue to pay for the Cash Consideration, which amounted to approximately HK$379.7 million. With reference to the 2023 IR, the Company had cash and cash equivalents of approximately RMB1.0 billion as at 30 June 2023 as compared to approximately RMB1.2 billion as at 31 December 2022 as disclosed in the 2022AR, representing a decrease of approximately 18.1%. As discussed with the Management, the Company opted for the Rights Issue to fund the Cash Consideration considering, (i) cash on hand is mostly onshore RMB, while the outstanding offshore indebtedness is denominated in USD and HKD; and (ii) the cash on hand is required to support the Company's daily operations. According to the RSA Announcement, (i) the Company has been subject to restrictions on cash deployment and there has been tightening of supervision of cash balances by onshore and offshore banks which significantly reduced the Company's unrestricted cash and constrained its ability to remit cash offshore; and (ii) since the fourth quarter of 2021, many creditors of the Company, whether onshore or offshore, have also required the Company to enhance the security or provide cash deposit as a condition to maintain or extend the credit provided to the Company. These measures have drastically reduced the amount of cash freely deployable by the Company for servicing its financial and other obligations. As such, we concur with the Management that the current fund-raising method by way of the Rights Issue to settle the Cash Consideration under the New Schemes is in the interest of the Company and its Shareholders as a whole.

Apart from the Cash Consideration as mentioned above, the remaining of the Restructuring Consideration will be settled by the issuance of an aggregate 65% equity interest in the share capital of TM home in accordance with the New Schemes, further details will be disclosed in the circular in relation to the Disposal to be published by the Company.

2.2 Financial conditions of the Group

As advised by the Management, sales for residential property in China slowed significantly and prices for residential units suffered a substantial reduction since mid-2021 and adversely affected the business of companies in the real estate related sectors. We have reviewed the 'National Real Estate Development and Sales in 2022' published by the National Bureau of Statistics of China and noted that sales of commercial housing decreased by approximately 26.7%, while residential sales decreased by approximately 28.3%. On 16 October 2022, the Chinese government issued the 'Report to the 20th National Congress of the Communist Party of China', adhering to the principle that "housing is for living in and not for speculation" for the Chinese real estate industry. Against the background of an industry downturn and regulatory policy on the real estate industry as discussed above, the Company has been negatively affected by this downturn in different aspects:

i. decreased cash flows which was mainly due to the decline in its business scale as a result of downturn in the overall real estate market with revenue of the Group decreased by approximately RMB3.8 billion for FY2022 as compared to that for FY2021 and liquidity constraints caused by large amount of unpaid accounts receivables;

ii. difficulty raising onshore and offshore financing with details discussed below, which has created significant pressure on its short-term liquidity to address the Total Outstanding Offshore Indebtedness. According to the announcements published by the Company on 11 June 2023 and 18 April 2022, the Company has failed to repay the 2023 Notes and the 2022 Notes on their respective maturity date, which cross-defaulted the Convertible Note; and

iii. facing multiple uncertainties relating to its going concern, including but not limited to, (a) high Gearing Ratio of approximately 100.6% as at 31 December 2022, representing an increase of approximately 44.0% as compared to approximately 56.6% as at 31 December 2021; (b) bank and other borrowings repayable within one year of approximately RMB4.5 billion, net current liabilities of approximately RMB7.3 billion and net deficits of approximately RMB5.0 billion as at 31 December 2022; and (c) loss for the year of approximately RMB5.0 billion for FY2022, all of which indicate the existence of a material uncertainty and may cast significant doubt on the Company's ability to continue as a going concern.

The Directors consider that the proposed Rights Issue, which forms an essential part of the Restructuring, represents an opportunity to settle its major outstanding debt in relation to the Old Notes and the Convertible Note, which in turn strengthens the Group's financial position and reduce its interest burden.

2.3 Fundraising alternatives

As set out in the Board Letter, the Board has considered other fund-raising alternatives before resolving to the Rights Issue, including but not limited to (i) debt financing such as bank borrowings; and (ii) equity financing such as placing of new shares and open offer.

For our due diligence purpose, we noted that:

i. in terms of debt financing, we have reviewed the relevant covenants as set out in the principal terms of the Old Notes and noted that, the Old Notes will limit the ability of the Company to, among other things, incur or guarantee additional indebtedness and hence it is not practical for the Company to opt for bank borrowings as a fund-raising alternative. Furthermore, various onshore and offshore financial institutions have tightened the credit or stopped providing loans to companies in the Chinese property sector. The Company has encountered difficulties in raising onshore and offshore financing. We have obtained and reviewed the credit rating reports of the Company and noted that, Lianhe Global downgraded the Group's global scale long-term issuer and issuance credit rating to "B" from "BB-" on 31 December 2021 and S&P Global Ratings lowered the long-term issue rating on the Company's outstanding senior unsecured notes to "CCC" from "B" on 23 Feb 2022. Furthermore, addition of debt financing at a scale similar to the Rights Issue is not considered prudent given that the Group's Gearing Ratio has reached 100.6% as at 31 December 2022 and recorded loss for the year of approximately RMB5.0 billion for FY2022. With reference to the 2022 AR, the Group incurred finance costs of approximately RMB471.8 million for FY2022, among which approximately RMB400.4 million or 84.9% is interest on the Old Notes and Convertible Notes. Obtaining new bank and other borrowings will inevitably incur higher finance costs and may further exacerbate the financial condition of the Group. Given that the accrued interest on the Old Notes and Convertible Notes has accumulated to approximately HK$600.7 million as of 30 June 2023, Company would be able to reduce its financing costs upon effective of the New Schemes. Further to the above, since new borrowings, if there were a lender, may require the provision of security and collaterals and creditors will rank before the Shareholders, which would not be beneficial to the Shareholders as a whole;

ii. for placing of new Shares, it is relatively smaller in scale as compared to fund raising through the Rights Issue and it would dilute the shareholding of the existing Shareholders resulting from the placing of Shares to new investors, which is unfair to the other existing Shareholders as they will not be able to participate in the placing of new Shares, while the Rights Issue will offer Qualified Shareholders the opportunity to participate in the enlarged capital base of the Company and maintain their respective shareholdings in the Company on a pro rata basis. In addition, in light of the current bearish market sentiment, the management also explored with financial institutions, including the Placing Agents, on the possibility of issuing new shares and were given the understanding that the willingness of potential investors to participate in equity placements has also been adversely affected and may not enable the Company to raise sufficient funds; and

iii. while an open offer is similar to the Rights Issue, offering Qualifying Shareholders to participate, it does not allow free trading of rights entitlements in the open market. As such, the Rights Issue is more favourable to Shareholders as they have the flexibility being able to sell their entitled nil-paid rights when they do not wish to take up the entitlements under the Rights Issue.

Having discussed with the Management including (i) the Cash Consideration represents a key component to the completion of the Restructuring; (ii) the tightening supervision of cash balances by onshore and offshore creditors; (iii) the net deficit position of the Group; (iv) reduction in finance costs associated with the Old Notes and Convertible Notes upon completion of the Restructuring could improve future earnings; and (v) the reasons set out in the section headed “Fundraising alternatives”, we concur with the Company and consider that the current fund-raising method by way of the Rights Issue is in the interest of the Company and its Shareholders as a whole.

With reference to the Board Letter, in the event that the resolutions in relation to the approval of the Rights Issue are voted down by the Independent Shareholders at the EGM, the Company will not have sufficient funds to pay for the Cash Consideration. Failure of the Company in payment of the Cash Consideration means that the New Schemes will not become effective, and there is a possibility that the Scheme Creditors will commence legal proceedings to recover the outstanding liability of the Old Notes and the Convertible Note. In the event that the conditions under the Underwriting Agreement and the Placing Agreements are not satisfied or waived, the Company will consider using other means to raise funds to fulfill the Cash Consideration under the New Schemes. We understood from our discussion with the Management that the Company has no specific plans yet in relation to other equity fundraising for the time being should the Company cannot settle the Cash Consideration under the New Schemes.

3 Principal terms of the Rights Issue and the Underwriting Agreement

3.1 Rights issue statistics

Set out below are the summary of the principal terms of the Rights Issue:

Basis of the Rights Issue	:	Twelve (12) Rights Shares for every ten (10) Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK$0.23 per Rights Share
Net price per Rights Share (i.e. Subscription Price less estimated cost and expenses incurred in the Rights Issue on a per Rights Share basis)	:	Approximately HK$0.23 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	1,749,059,530 Shares
Number of Rights Shares	:	2,098,871,436 Rights Shares (assuming no new issue or repurchase of Shares on or before the Record Date)
Aggregate nominal value of the Rights Shares to be issued	:	US$20,988.7 (assuming no change in the number of Shares in issue on or before the Record Date)
Number of issued Shares upon completion of the Rights Issue	:	3,847,930,966 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Gross proceeds from the Rights Issue (before expenses)	:	Approximately HK$483 million (assuming no new issue or repurchase of Shares on or before the Record Date)
Net proceeds from the Rights Issue	:	Approximately HK$465 million (assuming no new issue or repurchase of Shares on or before the Record Date)

Subscription Price

The Subscription Price of HK$0.23 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

(i) a discount of approximately 20.69% to the closing price of HK$0.29 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 20.14% to the average closing prices of the Shares as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day of approximately HK$0.29 per Share;

(iii) a discount of approximately 24.84% to the average closing prices of the Shares as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day of approximately HK$0.31 per Share;

(iv) a discount of approximately 10.56% to the theoretical ex-rights price based on the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day of approximately HK$0.26 per Share;

(v) represents a premium of HK$3.57 per Share over the net deficits per Share of approximately HK$3.34 as at 31 December 2022 based on the 2022 AR and the number of Shares in issue as at the Latest Practicable Date;

(vi) represents a premium of HK$3.92 per Share over the net deficits per Share of approximately HK$3.69 as at 30 June 2023 based on the 2023 IR and the number of Shares in issue as at the Latest Practicable Date; and

(vii) a premium of approximately 9.0% over the closing price of approximately HK$0.211 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

As at 31 December 2022 and 30 June 2023, the Group recorded a net liabilities position of approximately RMB5.0 billion and RMB5.9 billion, respectively. The Rights Issue would result in a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 11%, based on the theoretical diluted price of HK$0.26 per Share and the benchmarked price (as defined under Rule 7.27B of the Listing Rules) of HK$0.29 per Share.

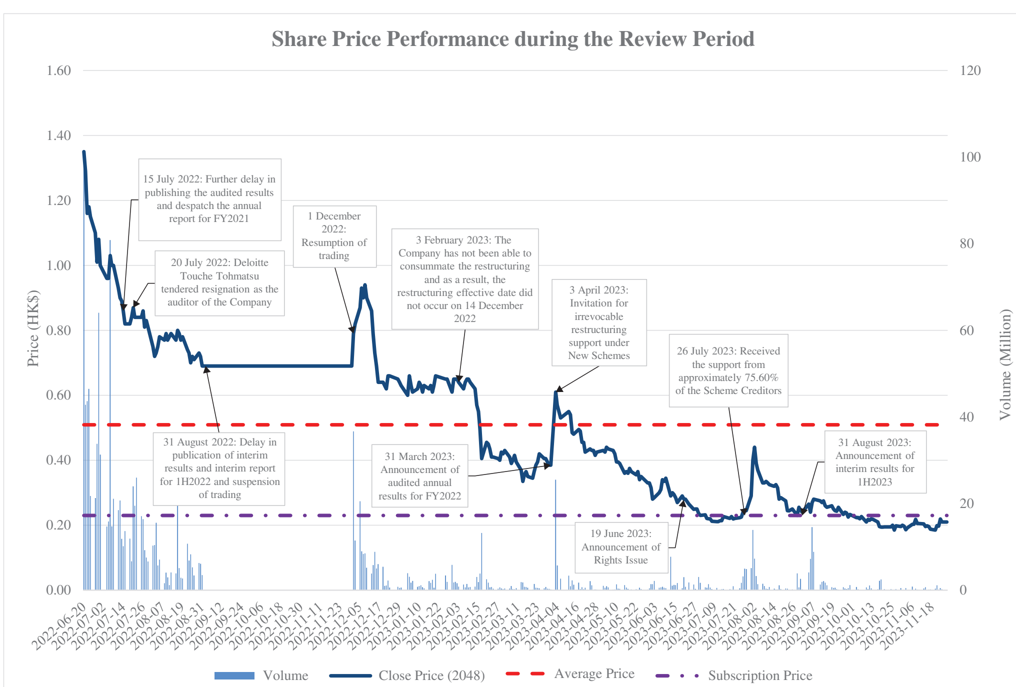
As stated in the Board Letter, the Subscription Price was determined by the Company with reference to, among other things, (i) the recent market prices of the Shares under the prevailing market conditions; and (ii) the financial condition and the funding needs of the Group. Based on proposed Subscription Price of HK$0.23 and the number of Rights Shares to be issued representing approximately 120% of the total Shares in issue as of the Latest Practicable Date, the Rights Issue enables the Company to raise net proceeds of HK$465 million to cover the Cash Consideration of approximately HK$379.7 million and the remaining part of the net proceeds, if any, will be used for working capital and general corporate purposes.

3.2 Analysis on the terms of the Rights Issue

In order to assess the fairness and reasonableness of the terms of the Rights Issue, we have considered the following principal factors based on the Subscription Price:

3.2.1 Review of the historical share price performance

We have reviewed the daily closing prices of the Shares for the period from 19 June 2022 to 19 June 2023 (being the 12-month period prior to the Last Trading Day) and up to the Latest Practicable Date (the "**Review Period**"). We consider that the Review Period is adequate to illustrate the recent price movement of the Shares for conducting a reasonable comparison among the historical closing price prior to the Last Trading Day and such comparison is relevant for the assessment of the fairness and reasonableness of the Subscription Price, as the Share price before the Last Trading Day represents a fair market value of the Company perceived by the investors in general. The following chart sets out the daily closing prices of the Shares on the Stock Exchange during the Review Period:

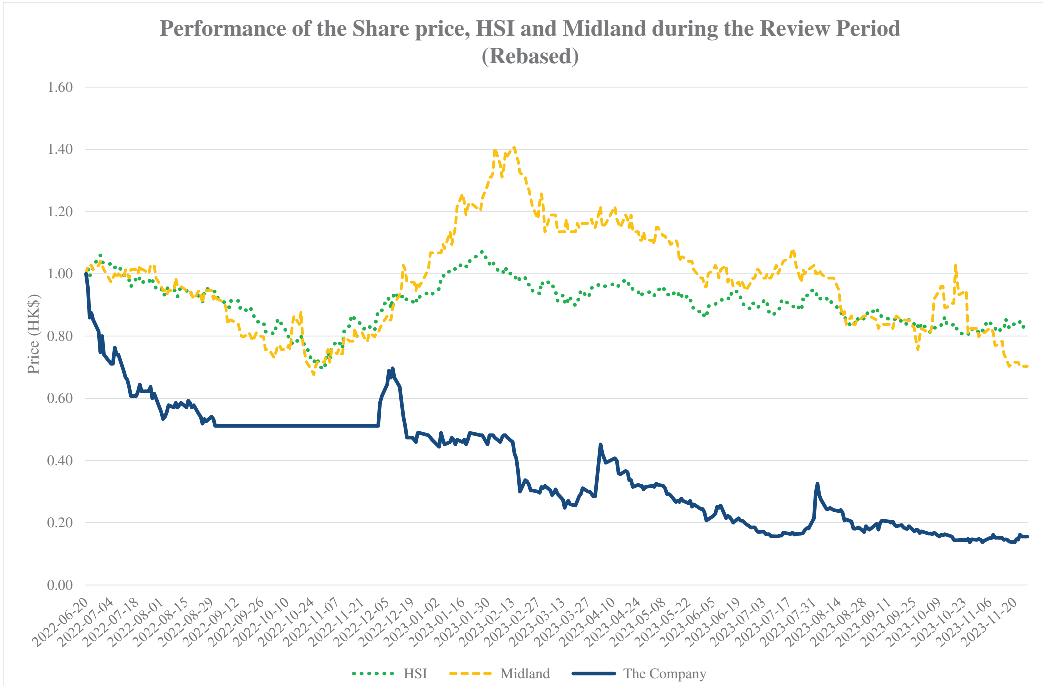


Source: Website of the Stock Exchange

As illustrated in the chart above, despite some fluctuations during the Review Period, the Share price demonstrated a general decreasing trend.

The Subscription Price represents (i) discounts of approximately 83.0% to the highest closing price of HK$1.35 during the Review Period; (ii) premium of approximately 24.3% over the lowest closing prices of HK$0.19 during the Review Period; (iii) discounts of approximately 54.8% and 40.1% to the average closing price of HK$0.51 during the Review Period and the average closing price of HK$0.38 since resumption of trading, respectively; and (iv) discounts of approximately 20.7% and 32.1% to the closing price of HK$0.29 on the Last Trading Day and to the average closing price of approximately HK$0.34 for the last 30 consecutive trading days ending on the Last Trading Day, respectively. As advised by the Management, in light of (i) the bearish market sentiment as implied by the performance of Shares over the past 16 months; (ii) the level of discount to the Last Trading Day represented by the Rights Issue is in line with the average of discounts of the comparable rights issue transactions as discussed in the section headed "3.2.3 Comparison with recent rights issues"; and (iii) the financial difficulties currently facing by the Group as mentioned above, the Company believes that such discounts are appropriate as the purpose of the Rights Issue is to raise funds to implement the Restructuring and setting the Subscription Price with a discount to prevailing market price can encourage Shareholders to participate in the Rights Issue should they want to participate in the development of the Company and maintain their existing interest without dilution.

We consider that the Subscription Price is fair and reasonable having taken into account: (i) the genuine and imminent funding needs of the Group as discussed in the section headed "2.1 Background of the Rights Issue" and the Subscription Price, which was determined at discounts to the prevailing market prices of the Share before the Last Trading Day, ensures that the Company would raise sufficient funding from the Rights Issue to fund its Cash Consideration under the restructuring plan of the New Schemes; and (ii) our analysis set out in the section headed "3.2.3 Comparison with recent rights issues" below.



Source: Wind Financial Terminal

As illustrated in the chart above, the Share price was relatively weak and underperformed against the HSI during the Review Period. As at the Latest Practicable Date, the Share price decreased by approximately 84.4% whereas the HSI decreased by approximately 17.2% as compared to the beginning of the Review Period. We consider that the weak performance of the Share price was mainly due to the unsatisfactory financial performance of the Group for FY2022 as mentioned above and the upcoming repayment pressure upon the third anniversary of the date of issue of the Convertible Note and going concern issue as to whether the Company can complete the Restructuring.

Further to the above, we also conducted research on companies (i) whose shares are listed on the Hong Kong Stock Exchange; (ii) at least 60% of whose total revenue for FY2022 is generated from the real estate agencies industry; (iii) which have a market capitalisation of no less than HK$300 million and no more than HK$700 million taking into account the market capitalisation of the Company of approximately HK$369.1 million as at the Latest Practicable Date. One comparable company, Midland Holdings Limited (the "**Midland**") has been identified based on the abovementioned criteria, which forms an exhaustive list and a representative sample to provide us with the recent market sentiment on the relevant companies.

Stock code	Company name	Percentage of revenue derived from real estate agencies	Market capitalisation as at the Latest Practicable Date *(HK$ million)*
1200.HK	Midland Holdings Limited	100%	372.9
2048.HK	**the Company**	**56%[1]**	**369.1**

Source: Wind

Note:

1. The percentage of real estate agencies business of the Company is calculated based on the average percentage of real estate agencies service and brokerage network service business for the three years ended 2022 considering the decline in commercial real estate demand and hence the substantial shrinkage in the percentage of real estate agency business.

As illustrated in the chart above, the stock price movement of Midland was generally in line with that of the HSI during the Review Period. Share price of the Company underperformed against the HSI and Midland, in particular since the period shortly after the resumption of trading in December 2022. In view of the above, we consider that the Share price has been severely affected by its financial position and the uncertainties on the progress of the New Schemes.

3.2.2 Liquidity of the Shares

The following table sets out the total trading volume per month and the average daily trading volume per month of the Share during the Review Period:

Historical monthly trading volume of the Share

Months	Total number of issued Shares at the end of the month/ period	Total trading volume of Share for the month/period	Number of trading days	Average daily trading volume *(Note 1)*	Percentage of average daily trading volume to total issued Shares *(Note 2)*	Percentage of average daily trading volume to total number of Shares held by public Shareholders *(Note 3)*
2022						
June (19th to 30th)	1,749,059,530	403,146,408	9	44,794,045	2.5610%	3.7178%
July	1,749,059,530	367,062,560	20	18,353,128	1.0493%	1.5233%
August	1,749,059,530	149,191,500	23	6,486,587	0.3709%	0.5384%
September	1,749,059,530	–	–	–	–	–
October	1,749,059,530	–	–	–	–	–
November	1,749,059,530	–	–	–	–	–
December	1,749,059,530	141,492,660	20	7,074,633	0.4045%	0.5872%
2023						
January	1,749,059,530	38,433,813	18	2,135,212	0.1221%	0.1772%
February	1,749,059,530	39,036,643	20	1,951,832	0.1116%	0.1620%
March	1,749,059,530	14,232,474	23	618,803	0.0354%	0.0514%
April	1,749,059,530	48,890,800	17	2,875,929	0.1644%	0.2387%
May	1,749,059,530	10,988,292	21	523,252	0.0299%	0.0434%
June	1,749,059,530	31,875,900	21	1,517,900	0.0868%	0.1260%
July	1,749,059,530	26,291,652	20	1,314,583	0.0752%	0.1091%
August	1,749,059,530	40,107,600	23	1,743,809	0.0997%	0.1447%
September	1,749,059,530	48,201,735	19	2,536,933	0.1450%	0.2106%
October	1,749,059,530	9,758,320	20	487,916	0.0279%	0.0405%
November (1st to 27th)	1,749,059,530	5,741,700	19	302,195	0.0173%	0.0251%
Minimum					0.0173%	0.0251%
Maximum					2.5610%	3.7178%
Average					0.3534%	0.5130%

Source: The Stock Exchange

Notes:

1. It is calculated by dividing the total trading volume for the month/period by the number of trading days in the respective month/period.

2. It is calculated by dividing the average daily trading volume for the month/period by the total number of issued Shares at the end of each month/period.

3. It is calculated by dividing the average daily trading volume for the month/period by the total number of Shares held by the public Shareholders as at the Latest Practicable Date, i.e. 1,204,858,031.

We note from the above table that the trading volume of the Share is generally thin during the Review Period, where the average percentages of average daily trading volume of the Share to the total issued Shares and the total issued Shares held by the public Shareholders during the Review Period are 0.3534% and 0.5130% respectively. Due to the thin trading volume of the Share, we consider that the Company is unlikely to raise funds by way of placing without a substantial discount. Even if the Company is able to conduct a placing of new Shares to new investors or one or few existing Shareholders with a substantial discount, it may not be able to raise a sufficient level of funds as compared to the Rights Issue. In view of the declining trend of the Share price and thin trading liquidity of the Share during the Review Period, we are of the view that the Rights Issue is an appropriate and equitable way of equity financing for both the Company and the Shareholders.

3.2.3 Comparison with recent rights issues

In assessing the fairness and reasonableness of the Subscription Price, we have conducted a search of recent proposed rights issue transactions based on the following selection criteria: (i) company listed on the main board of the Stock Exchange; (ii) the rights issue transaction with gross proceeds greater that HK$100 million and less than HK$800 million having regarded to the fundraising size of the Rights Issue of approximately HK$483 million; (iii) the exclusion of proposed rights issue transaction of A-Shares and H-Shares; and (iv) the rights issue transaction announced during the period from 19 December 2022 to 19 June 2023 (being six months prior to the Last Trading Day) and up to the Latest Practicable Date (the "**Comparable Review Period**"), to understand the trend of the recent market practice. Based on our research, we have identified an exhaustive list of 11 comparable rights issue transactions (the "**Comparable Rights Issue**") during the Comparable Review Period. We consider the Comparable Review Period of approximately six months is adequate and appropriate given that (i) such period would provide us with the recent and relevant information to demonstrate the prevailing market practice prior to the Rights Issue Announcement under the prevailing market conditions and weak capital market sentiment; and (ii) we are able to identify sufficient and reasonable samples size for selection of Comparable Rights Issue within the Comparable Review Period. The terms of the rights issue depend on various factors, including the dilution effect to shareholding, funding needs and use of proceeds, discounts to share price, etc. We are of the view that the Comparable Rights Issue are fair, representative and exhaustive samples for our assessment of the Subscription Price.

The following table sets out the respective premium/discount of the subscription price to the closing price per share on the last trading day prior to announcement in relation to the respective rights issue (the "**LTD Premium/Discount**"), the premium/discount of the subscription price to the theoretical ex-rights price per share based on the closing price per share on the last trading day prior to announcement in relation to the respective rights issues (the "**TERP Premium/Discount**"), the premium/discount of the subscription price to the consolidated NAV per share (the "**NAV Premium/Discount**"), the theoretical dilution effect and the underwriting commission of the Comparable Rights Issue.

Comparable Rights Issue

Date of announcement	**Company name (stock code)**	**Basis of entitlement**	**Gross proceeds** *HK$ million*	**LTD Premium/ Discount** *approximate (%)*	**TERP Premium/ Discount** *approximate (%)*	**NAV Premium/ Discount** *(Note 1) approximate (%)*	**Theoretical Dilution Effect** *(Note 2) approximate (%)*	**Underwriting commission** *(Note 3) (%)*	**Excess application** *(Yes/No)*
17-Nov-23	Da Yu Financial Holdings Limited (1073)	1 for every 1	170.90	11.11	4.90	(63.41)	0.00	N/A	Yes
3-Nov-23	Rego Interactive Co., Ltd (2422)	1 for every 2	100.00	(49.37)	(16.46)	(38.84)	16.46	N/A	No
17-Oct-23	GoFintech Innovation Limited (290)	3 for every 1	474.47	(9.09)	(2.44)	(46.67)	9.97	N/A	No
28-Jul-23	ARTGO HOLDINGS LIMITED (3313)	2 for every 1	111.10	(29.41)	(11.16)	(95.50)	19.61	N/A	No
7-Jun-23	Tesson Holdings Limited (1201)	3 for every 4	111.26	(11.50)	(9.10)	(72.20)	2.70	N/A	Yes
12-May-23	China Ruifeng Renewable Energy Holdings Limited (527)	5 for every 2	229.90	(28.00)	(10.00)	(34.23)	20.00	N/A	No
5-May-23	China Medical & HealthCare Group Limited (383)	1 for every 2	318.60	(15.40)	(11.10)	(59.10)	5.70	2.50	Yes
11-Apr-23	China Wantian Holdings Limited (1854)	1 for every 5	111.40	(41.94)	(37.61)	350.00	6.99	7.07	Yes
3-Mar-23	Diwang Industrial Holdings Limited (1950)	3 for every 2	289.44	1.52	0.60	(37.44)	6.76	N/A	No
24-Feb-23	Bossini International Holdings Limited (592)	1 for every 2	452.00	(21.28)	(3.19)	236.00	8.45	1.5 *(Note 4)*	Yes
10-Feb-23	Windmill Group Limited (1850)	2 for every 1	130.56	(1.45)	0.00	(54.05)	2.82	N/A	No
			Minimum	(49.37)	(37.61)	(95.50)	0.00	1.50	
			Maximum	11.11	4.90	350.00	20.00	7.07	
			Average	(17.71)	(8.69)	7.69	9.04	3.69	
	The Company	12 for every 10	483	(20.69)	(10.56)	N/A *(Note 5)*	11.00	0.00	No

Source: The website of the Stock Exchange

Notes:

1. The NAV per share is calculated based on the NAV as set out in the latest published audited/unaudited consolidated financial statements prior to the announcement in relation to the respective rights issues and total number of shares in issue as at the date of the respective announcements.

2. The theoretical dilution effect is calculated in accordance with Rule 7.27B of the Listing Rules.

3. "N/A" denotes that the rights issue was conducted on a non-underwritten basis and therefore the underwriting commission is not applicable.

4. Bossini International Holdings Limited shall pay to the underwriter an amount equals to 1.5% of the aggregate subscription price in respect of the actual subscription number of underwritten shares subscribed or procured to be subscribed by the underwriter pursuant to the terms of the underwriting agreement or HK$1,000,000, whichever is higher.

5. The Group had consolidated net deficits per share according to its audited/unaudited consolidated financial statements as at 31 December 2022 and therefore the premium/(discount) of the subscription price to the consolidated NAV per share are not applicable.

As set out in the table above, we note that:

(i) the subscription prices to the Share price on the last trading day of the Comparable Rights Issue ranged from discounts of 49.37% to premium of 11.11% (the "**Comparable LTD Range**"), with average discounts of approximately 17.71%. The LTD Discount of approximately 20.69% as represented by the Subscription Price is within the Comparable LTD Range, higher than the average discounts;

(ii) the subscription prices to the theoretical ex-rights price per Share based on the last trading day of the Comparable Rights Issue ranged from discounts of approximately 37.61% to premium of approximately 4.90% (the "**Comparable TERP Range**"), with average discounts of approximately 8.69%. The TERP Discount of approximately 10.56% as represented by the Subscription Price is within the Comparable TERP Range and higher than the average discounts;

(iii) the subscription prices to the consolidated NAV per Share of the Comparable Rights Issue ranged from discounts of approximately 95.50% to premium of approximately 350.00% (the "**Comparable NAV Range**"), with average premium of approximately 7.69%. As mentioned in the 2022 AR, the Group had net deficits attributable to owners of the Company of approximately RMB5.2 billion as at 31 December 2022 and therefore had net deficits per Share. The Subscription Price of HK$0.23 is hence at a premium over the net deficits per Share while 9 out of 11 Comparable Rights Issue' subscription price is at a discount to their respective consolidated NAV per Share; and

(iv) the theoretical dilution effect of the Comparable Rights Issue ranged from approximately 0.00% to 20.00% (the "**Comparable Dilution Range**"), with average dilution effects of approximately 9.04%. The theoretical dilution effect of the Rights Issue of approximately 11.00% is within the Comparable Dilution Range, higher than the average dilution effects.

We consider that the level of (i) LTD Discount; (ii) TERP Discount; and (iii) theoretical dilution effect of the Rights Issue is justifiable having taken into account the following factors:

(i) the Subscription Price was determined at discounts to the prevailing market prices of the Share before the Rights Issue Announcement, which would increase the attractiveness and encourage Shareholders to participate in the Rights Issue;

(ii) the Group was in loss-making position for FY2021 and FY2022 and the Group's liquidity position was deteriorating as the cash and bank balances of the Group decreased from approximately RMB7.5 billion as at 31 December 2020 to approximately RMB1.2 billion as at 31 December 2022 and the Group has changed from net current assets position of approximately RMB11.2 billion as at 31 December 2020 to net current liabilities position of approximately RMB7.3 billion as at 31 December 2022;

(iii) the net proceeds from the Rights Issue would provide greater financial flexibility for the Group to proceed with the Restructuring; and

(iv) the Rights Issue will offer the Qualifying Shareholders an equal opportunity to subscribe for their Rights Shares to maintain their respective pro-rata shareholding interests in the Company.

In light of the above, we consider that the Subscription Price and the offer basis of the Rights Issue are fair and reasonable as far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders as a whole.

3.3 The Underwriting Arrangement for the Rights Issue

3.3.1 Principal terms of the Underwriting Agreement

The Rights Shares (other than those agreed to be taken up by CRE Corp, E-House (China) Holdings, On Chance and Regal Ace pursuant to the Irrevocable Undertaking) will be fully underwritten by Mr. Zhou Xin in accordance with the terms of the Underwriting Agreement. The principal terms and conditions of the Underwriting Agreement are set out below:

Date	:	19 June 2023 (after trading hours of the Stock Exchange)

Underwriter	:	Mr. Zhou Xin is a substantial shareholder, executive Director and chairman of the Company as at the Latest Practicable Date. Mr. Zhou Xin has a right to designate a company wholly-owned by him to subscribe for the Untaken Rights Shares. It is not in the ordinary course of business of Mr. Zhou Xin to underwrite securities.
Number of Rights Shares to be underwritten by the Underwriter	:	1,620,535,238 Rights Shares (assuming no new Shares will be issued or repurchased on or before the Record Date)
Underwriting Commission	:	Nil

For further details of the terms and conditions of the Underwriting Agreement, please refer to the section headed "The Underwriting Agreement" in the Board Letter.

As disclosed in the Board Letter, the terms of the Underwriting Agreement were determined after arm's length negotiations between the Company and Mr. Zhou Xin with reference to the financial position of the Group, the size of the Rights Issue, the current and expected market conditions, taking into consideration the intention of the Underwriter to facilitate the Company's fundraising efforts for its implementation of the Restructuring. Given the Company's circumstances (including its financial conditions) and the terms of the underwriting arrangement which would have involved no underwriting fees or commissions, after several attempts to seek a financial institution that agrees to be an underwriter of the Rights Issue, the Company subsequently concluded that (i) it was impractical to engage a third party who is not related to the Company to be an underwriter of the Rights Issue; and (ii) Mr. Zhou Xin, being a founder and the single largest Shareholder of the Company, was the most appropriate and relevant stakeholder to be the underwriter. As discussed with the Management, the Company had explored with 2 other financial institutions, namely the Placing Agents, in respect of underwriting the Rights Issue. In view of the Company's current financial condition and ongoing Restructuring, none of them expressed interest in underwriting the Right Issues, except Mr. Zhou Xin who is more devoted to rescue the Company and facilitate the implementation of the Restructuring by acting as the Underwriter.

Based on the table set out in the section headed "3.2.3 Comparison with recent rights issues" above, we note that the commission rates received by underwriters of the Comparable Rights Issue ranged from 1.50% to approximately 7.07%, with an average underwriting commission rate of approximately 3.69%. Pursuant to the Underwriting Agreement, no underwriting commission would be charged. Although Mr. Zhou Xin is not engaged in the underwriting business, he has agreed to subscribe or designate a company wholly-owned by him to subscribe for the Untaken Rights Shares in accordance with the terms and conditions of the Underwriting Agreement in order to show his strong support towards the restructuring of the Group under the New Schemes and confidence in its prospects.

Having considered that (i) no underwriting commission rate is being charged by the Underwriter; and (ii) the Company had encountered difficulty in securing independent securities brokers to act as underwriters of the Rights Issue, we concur with the Directors' view that the Underwriting Agreement is on normal commercial terms and is fair and reasonable as far as the Shareholders are concerned.

3.3.2 Procedures in respect of the Unsubscribed Rights Shares and the Compensatory Arrangements and the Placing Agreements

Pursuant to Rule 7.21(2) of the Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares by offering the Unsubscribed Rights Shares to independent placees for the benefit of the relevant No Action Shareholders to whom they were offered under the Rights Issue. For further details of the procedures in respect of the Unsubscribed Rights Shares, the Compensatory Arrangements and the Placing Agreements, please refer to the sections headed "Procedures in respect of the Unsubscribed Rights Shares" and "Placing Agreements for the Unsubscribed Rights Shares" in the Board Letter.

We understand that the Compensatory Arrangements is at the cost of the Company that would protect the interest of the Company's minority Shareholders in the Rights Issue. The Unsubscribed Rights Shares may be placed to independent placees under the Compensatory Arrangements which will expand the shareholders' base. Given that the Compensatory Arrangements would (i) provide a distribution channel of the Unsubscribed Rights Shares for the Company; (ii) broaden the diversity and base of the Shareholders; (iii) potentially offer monetary benefits to the No Action Shareholders under the Net Gain arrangement; and (iv) facilitate the implementation of the Rights Issue, we are of the view that the Compensatory Arrangements are fair and reasonable to the Independent Shareholders.

Taking into account the principal terms of the Rights Issue as highlighted above, we consider that the terms of the Rights Issue, the Underwriting Agreement and the Compensatory Arrangements are on normal commercial terms and are fair and reasonable as far as the Independent Shareholders are concerned.

3.4 Potential dilution effect on the interests of the Independent Shareholders

All Qualifying Shareholders are entitled to subscribe for the Rights Shares, and for those who take up their full provisional allotments under the Rights Issue, their shareholding interests in the Company remain the same after the Rights Issue. As illustrated in the table set out in the section headed "Effects on the Shareholding Structure" in the Board Letter, assuming no new issue or repurchase of Shares up to the completion of the Rights Issue save for the Rights Shares, if (i) no Qualifying Shareholders takes up the Rights Issue; (ii) no Unsubscribed Rights Shares can be placed to the Placees under the Compensatory Arrangements; and (iii) all the Underwritten Rights Shares are taken up by the Underwriter Mr. Zhou Xin, the shareholding of the public Shareholders would be reduced from approximately 68.89% to 31.31%, representing a possible dilution of approximately 37.58% in their shareholding interests arising from Rights Issue, and the shareholding of Mr. Zhou Xin and parties acting in concert or presumed acting in concert with him would be increased from approximately 22.79% as at the Latest Practicable Date to approximately 64.90%.

Taking into account: (i) all Qualifying Shareholders are offered an equal opportunity to participate in the Rights Issue and that the Qualifying Shareholders have their choice of whether to accept the Rights Issue or not; (ii) the Rights Issue offers the Qualifying Shareholders a chance to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at the Subscription Price; (iii) those Qualifying Shareholders who choose to accept the Rights Issue in full can maintain their respective existing shareholding interests in the Company after the Rights Issue; (iv) the Rights Issue enable the Group to fund the Cash Consideration under restructuring plan of New Schemes and hence improve its financial position; and (v) the Compensatory Arrangements will provide a compensatory mechanism at the cost of the Company that would protect the interest of the Company's minority Shareholders in the Rights Issue to address the concern that the Underwriter has the potential to increase its equity interests in the Company at a lower cost given the Subscription Price is at discounts to the recent prevailing market price, we are of the view that the potential dilution effect of the Rights Issue is fair and reasonable so far as the Independent Shareholders are concerned.

We consider that the implementation of the Rights Issue is beneficial to the Company and the Shareholders as a whole despite the potential dilution impact to the shareholding interests of the existing public Shareholders, who do not participate fully or partly in the Rights Issue, having regard to the potential mitigating measure such as the Compensatory Arrangements.

4 Financial effects of the Rights Issue

According to the unaudited pro formal financial information of the Group, assuming 2,098,871,436 Rights Shares are issued on the basis of twelve (12) Rights Shares for every ten (10) Shares in issue as at 30 June 2023 at the Subscription Price of HK$0.23 per Rights Share:

4.1 Net assets

Upon Completion, the unaudited consolidated net tangible liabilities of the Group attributable to owners of the Company (after deducting intangible assets of approximately RMB0.5 billion) would improve from net tangible liabilities of approximately RMB6.4 billion as at 30 June 2023 to approximately RMB6.0 billion as at 30 June 2023.

4.2 Liquidity

According to the 2023 IR, as at 30 June 2023, the Group had cash and bank balances of approximately RMB1.0 billion, current assets of approximately RMB2.2 billion and current liabilities of approximately RMB10.2 billion. Accordingly, the current ratio of the Group (being the current assets divided by the current liabilities) as at 30 June 2023 was approximately 0.21 times. Upon Completion, the cash and bank equivalents would be approximately RMB1.4 billion and the current ratio of the Group would be 0.25 times as at 30 June 2023.

4.3 Gearing ratio

According to the 2023 IR, the Gearing Ratio of the Group was 120.6% as at 30 June 2023. Upon Completion, the total assets of the Group will increase by approximately RMB0.4 billion. As a result, the Gearing Ratio of the Group is expected to reduce to 111.1% as at 30 June 2023.

Having considered that the Rights Issue will (i) improve the consolidated net tangible liabilities of the Group attributable to owners of the Company; and (ii) improve the overall liquidity and Gearing Ratio of the Group, we are of the view that the Rights Issue are fair and reasonable as far as the Independent Shareholders are concerned and is in the interests of the Company and the Independent Shareholders as a whole.

Shareholders should note that the aforesaid analyses are for illustrative purpose only and do not purport to represent the financial position of the Group upon Completion and due to its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Company as at 30 June 2023 or any future date.

5 Whitewash Waiver

As mentioned in the Board Letter, if the Whitewash Waiver is granted by the Executive and approvals by the Independent Shareholders are obtained, upon completion of the Rights Issue, assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Rights Shares, the maximum potential holding of voting rights of Mr. Zhou Xin and parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace) in the Company will exceed 50%, Mr. Zhou Xin may thereafter increase its shareholdings in the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.

Based on our analysis of the benefits and terms of the Rights Issue in the section headed "2 Reasons for the Rights Issue and the Use of Proceeds", we consider that the Rights Issue to be underwritten by Mr. Zhou Xin without incurring any commission is in the interests of the Company and the Independent Shareholders as a whole as it is an essential part to settle the cash proportion of consideration under the Restructuring. Besides, all Qualifying Shareholders are offered an equal opportunity to participate in the Rights Issue and that the Qualifying Shareholders have their choice of whether to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at the Subscription Price. If the Whitewash Waiver is not approved by the Independent Shareholders at the EGM, the Rights Issue will not proceed and the Company will lose all the benefits that are expected to be brought by the Rights Issue, in particular the Restructuring may not be able to proceed. Accordingly, we consider that the Whitewash Waiver, which is to facilitate the implementation of the Rights Issue as well as the Restructuring, is in the interests of the Company and the Independent Shareholders as a whole and is fair and reasonable as far as the Independent Shareholders are concerned for the purpose of proceeding with the Rights Issue.

6 Special Deal 1

Under the Takeovers Code, each of (i) the use of proceeds from the Rights Issue to pay the Cash Consideration to the CB Holder (being an associate of Taobao China and a Scheme Creditor) and other Scheme Creditors who may also be Shareholders (i.e. "**Special Deal 1**"); (ii) on the Restructuring Effective Date, the issuance of new shares of TM Home to Creditor SPV (which will be owned by the Scheme Creditors who are holding the Old Notes and also be Shareholders), pro rata by reference to the proportion of the aggregate Scheme Creditor Claim held by the holders of the Old Notes at the Record Time (i.e. "**Special Deal 2**"); and (iii) on the Restructuring Effective Date, the issuance of new shares of TM Home to the CB Shareholder (being an associate of Taobao China), pro rata by reference to the proportion of the aggregate Scheme Creditor Claim held by the CB Holder at the Record Time (i.e. "**Special Deal 3**") would constitute a favourable condition not extended to all Shareholders and therefore special deals under Rule 25 of the Takeovers Code and require the consent of the Executive.

In relation to the Special Deal 1, for our due diligence purposes, we noted that:

(i) if the payment under the New Schemes cannot be proceed, it could lead to failure of the Restructuring. It would then create significant pressure on the Company's short-term liquidity to address the Total Outstanding Offshore Indebtedness of approximately HK$6,328.5 million in view of the level of cash and cash equivalents of approximately RMB1.0 billion as at 30 June 2023 and the net deficits position of approximately RMB5.0 billion and RMB5.9 billion as at 31 December 2022 and 30 June 2023, respectively, in which case the Company could become insolvent and its assets have to be liquidated to repay creditors with limitations on cash deployment as discussed above; and

(ii) with reference to the 2022 AR, the Group incurred a loss of approximately RMB5.0 billion and net cash outflow from operating activities of approximately RMB1.1 billion for FY2022 and the Group had net current liabilities and net liabilities approximately RMB7.3 billion and approximately RMB5.0 billion respectively as at 31 December 2022, indicating the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. With reference to the independent auditor's report set out in the 2022 AR, the consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon (i) the successful completion of various debt restructuring measures; (ii) the successful disposal of investment property; and (iii) the improvement of operating performance that certain measures to improve its financial position, to provide liquidity and cash flows. That being the case, the successful completion of various debt restructuring measures represents one of the determinants factors toward the Group's ability to continue as a going concern. The Company's auditors consider that if there is no material change in the Company's financial status and on the basis that the Group successfully completes and implements the Company's plan to improve the Group's financial position, and to provide liquidity and cash flows, the disclaimer of opinion is expected to be removed from the Company's financial statements for the year ending 31 December 2023.

Given that (i) unsatisfactory and deteriorating financial conditions of the Group is unlikely to change if the New Schemes cannot become effective; and (ii) the successful completion of the Restructuring represents one of the determinants factors toward the Group's ability to continue as a going concern, we are of the view that the respective terms of the Special Deal 1 are fair and reasonable and are in the interest of the Company and/or the Independent Shareholders.

Please refer to the circular in relation to the Disposal to be published by the Company for details of Special Deal 2 and Special Deal 3.

RECOMMENDATION

As discussed in the section headed "1 Background information of the Group", the Company is experiencing severe liquidity and cash flow constraints as well as further deterioration of its financial position. As part of the Company's efforts to meet its financial commitments and cope with its financial distress, the Company conducts the Restructuring to manage default risk and address liquidity issues whilst alleviate its cashflow pressure and provide flexibility to operations, offering the Company necessary financial stability to continue as a going concern and to improve its overall financial position. Upon completion of the Restructuring, the Company is able to prioritize the stabilization of its operations and preserve from liquidation. The Rights Issue to be underwritten by Mr. Zhou Xin, who is a substantial shareholder of the Company, also convey positive signaling effect to the market and provide confidence in the Company's continuous development in operation.

If the relevant resolution(s) on the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Whitewash Waiver and the Special Deal 1 were not duly passed and the Cash Consideration is not satisfied by way of the Rights Issue and as a consequence the Restructuring did not become effective and was not successfully consummated, the Company might not be able to repay the indebtedness that has already defaulted, which is likely have a material negative impact on the Company's business operation and financial position going forward. Against the backdrop of real estate industry crisis, the Company may remain insolvent and is unlikely to overcome financial distress and improve its negative working capital and net deficit position.

We understand that one of the Takeovers Code IBC members, Mr. Song Jiajun, considered that the terms of Restructuring are not in the best interests of the Company and the Shareholders as a whole given: TM Home is currently a subsidiary of the Company operating a part of the Group's principal businesses but as a result of the Restructuring, Management SPV, which is not a part of the Group, would be able to acquire 15% of the shares of TM Home and the Company's shareholding in TM Home will be further reduced. Accordingly, Mr. Song Jiajun considers that the Rights Issue, the Placing Agreements, the Whitewash Waiver, the Special Deal 1 and the transactions contemplated thereunder, all being integral parts of the Restructuring, are not in the interests of Independent Shareholders.

Nonetheless, we are of the opinion that (i) the terms of the Rights Issue, the Placing Agreements, the Whitewash Waiver, the Special Deal 1 and the transactions contemplated thereunder are fair and reasonable as far as the Independent Shareholders are concerned; and (ii) the Underwriting Agreement, although not in the Company's ordinary and usual course of business, are in the interests of the Company and the Independent Shareholders as a whole having taken into consideration the factors and reasons as stated above and summarised below:

(i) the imminent funding need of the Cash Consideration of approximately HK$379.7 million, being part of the Restructuring Consideration under the New Schemes that offsets the outstanding offshore indebtedness of the Company of approximately HK$6,328.5 million in order to proceed with the Restructuring;

(ii) the Group experienced a deteriorating cash flows and liquidity with loss for the year amounted to RMB5.0 billion for FY2022;

(iii) difficulties in raising onshore and offshore financing with current credit ratings and poor market sentiment;

(iv) the Subscription Price is fair and reasonable for the reasons set out in section headed "3.2 Analysis on the terms of the Rights Issue";

(v) the Underwriting Agreement with no underwriting commission being charged to the Company is on better commercial terms and is fair and reasonable as far as the Shareholders are concerned for the reasons set out in section headed "3.3 The Underwriting Arrangement for the Rights Issue";

(vi) all Qualifying Shareholders are offered an equal opportunity to participate in the Rights Issue and those who choose to accept the Rights Issue in full can maintain their respective existing shareholding interests in the Company after the Rights Issue; and

(vii) the Special Deal 1 is fair and reasonable for the reasons set out in section headed "6 Special Deal 1".

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolution(s) on the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Whitewash Waiver and the Special Deal 1 to be proposed at the EGM.

THIS CIRCULAR MUST BE READ IN CONJUNCTION WITH THE CIRCULAR IN RELATION TO THE DISPOSAL, THE SPECIAL DEAL 2 AND THE SPECIAL DEAL 3 TO BE ISSUED BY THE COMPANY. SHAREHOLDERS SHOULD REVIEW THE AFOREMENTIONED TWO CIRCULARS TOGETHER BEFORE MAKING THEIR DECISIONS AS TO VOTING AT THE EGM AND THE DISPOSAL EGM.

Yours faithfully,
For and on behalf of
Maxa Capital Limited
Michael Fok
Managing Director

Mr. Michael Fok is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Maxa Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 23 years of experience in the corporate finance industry.

SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Details of the audited consolidated financial information of the Group for the years ended 31 December 2020, 2021 and 2022 and the unaudited consolidated financial information of the Group for the six months ended 30 June 2023 are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.ehousechina.com):

(i) the audited financial information of the Group for the year ended 31 December 2022 is disclosed in the annual report of the Company for the year ended 31 December 2022 published on 25 April 2023, from pages 151 to 345 (https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0425/2023042501232.pdf);

(ii) the audited financial information of the Group for the year ended 31 December 2021 is disclosed in the annual report of the Company for the year ended 31 December 2021 published on 29 November 2022, from pages 119 to 337 (https://www1.hkexnews.hk/listedco/listconews/sehk/2022/1129/2022112900389.pdf);

(iii) the audited financial information of the Group for the year ended 31 December 2020 is disclosed in the annual report of the Company for the year ended 31 December 2020 published on 27 April 2021, from pages 143 to 387 (https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0427/2021042700463.pdf); and

(iv) the unaudited financial information of the Group for the six months ended 30 June 2023 is disclosed in the interim report of the Company for the six months ended 30 June 2023 published on 27 September 2023, from pages 28 to 76 (https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0927/2023092700443.pdf).

Set out below is a summary of the consolidated financial information of the Group for the years ended 31 December 2020, 2021 and 2022, and the unaudited interim results of the Group for the six months ended 30 June 2022 and 2023.

	For the year ended 31 December			For the six months ended 30 June	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
Revenue	8,051,509,000	8,865,987,000	5,033,279,000	2,438,755,000	2,299,491,000
Staff costs	(2,734,263,000)	(3,243,221,000)	(1,967,347,000)	(1,109,084,000)	(622,217,000)
Advertising and promotion expenses	(946,816,000)	(3,048,306,000)	(2,374,608,000)	(1,121,142,000)	(1,003,296,000)
Rental expenses for short-term leases, low-value assets leases and variable leases	(33,628,000)	(111,398,000)	(103,457,000)	(60,409,000)	(20,541,000)
Depreciation and amortisation expenses	(210,570,000)	(435,347,000)	(537,521,000)	(274,569,000)	(146,401,000)
Loss allowance on financial assets subject to expected credit loss ("**ECL**"), net of reversal	(172,548,000)	(8,963,718,000)	(995,959,000)	(428,457,000)	(33,126,000)
Loss on derecognition of receivables at fair value through other comprehensive income ("**FVTOCI**")	(14,651,000)	(5,651,000)	(38,000)	–	–
Impairment losses recognized on non-current assets	–	(858,534,000)	(1,034,791,000)	–	–
Consultancy expenses	(228,357,000)	(305,714,000)	(461,971,000)	(96,597,000)	(82,205,000)
Distribution expenses	(2,395,799,000)	(2,462,261,000)	(1,465,853,000)	(654,900,000)	(749,669,000)
Other operating costs	(359,388,000)	(717,743,000)	(458,984,000)	(180,693,000)	(182,024,000)
Other income	140,199,000	198,396,000	150,781,000	77,079,000	39,939,000
Other gains and losses	72,345,000	(214,741,000)	(316,944,000)	(173,786,000)	(153,478,000)
Other expenses	(15,583,000)	(29,667,000)	(5,174,000)	(1,406,000)	(4,565,000)
Share of results of associates	21,056,000	(33,039,000)	2,826,000	(1,651,000)	180,000
Finance costs	(481,913,000)	(538,800,000)	(471,752,000)	(242,485,000)	(234,306,000)
Profit/(loss) before taxation	691,593,000	(11,903,757,000)	(5,007,513,000)	(1,829,345,000)	(892,218,000)
Income tax (expense)/credit	(252,371,000)	(360,902,000)	38,989,000	(8,958,000)	28,174,000
Profit/(loss) for the year/period	439,222,000	(12,264,659,000)	(4,968,524,000)	(1,838,303,000)	(864,044,000)

	For the year ended 31 December			For the six months ended 30 June	
	2020	2021	2022	2022	2023
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
Other comprehensive (expense)/income for the year/period					
Items that may be reclassified subsequently to profit or loss:					
Fair value changes on receivables measured at FVTOCI	(119,196,000)	(4,671,979,000)	(635,581,000)	(203,334,000)	211,000
Net changes in ECL of receivables measured at FVTOCI	119,196,000	4,671,979,000	635,581,000	203,334,000	(211,000)
Exchange differences arising on translation of foreign operations	19,465,000	3,780,000	(6,109,000)	5,910,000	1,070,000
Other comprehensive income/(expense) for the year/period, net of income tax	19,495,000	3,780,000	(6,109,000)	5,910,000	1,070,000
Total comprehensive income/(expense) for the year/period	458,687,000	(12,260,879,000)	(4,974,633,000)	(1,832,393,000)	(862,974,000)
Profit/(loss) for the year attributable to:					
– Owners of the Company	304,413,000	(11,642,687,000)	(3,896,299,000)	(1,428,653,000)	(725,885,000)
– Non-controlling interests	134,809,000	(621,972,000)	(1,072,225,000)	(409,650,000)	(138,159,000)
Total comprehensive income/(expense) for the year/period					
– Owners of the Company	315,255,000	(11,640,065,000)	(3,900,590,000)	(1,422,743,000)	(725,134,000)
– Non-controlling interests	143,432,000	(620,814,000)	(1,074,043,000)	(409,650,000)	(137,840,000)
Earnings/(loss) per share					
– Basic (RMB cents)	21.11	(665.65)	(222.77)	(81.68)	(41.50)
– Diluted (RMB cents)	17.70	(665.65)	(222.77)	(81.68)	(41.50)
Final dividend per share (RMB cents)	5.22	–	–	–	–
Final dividend	91,324,000	–	–	–	–
Interim dividend	–	–	–	–	–

The management discussion and analysis of the Company for each of the financial years ended 31 December 2020, 2021 and 2022, and the six months ended 30 June 2022 and 2023, are disclosed in the annual reports of the Company for the financial years ended 31 December 2020, 2021 and 2022, and the interim reports of the Company for the six months ended 30 June 2022 and 2023, respectively.

Material uncertainty related to going concern

The auditors of the Company have set out in the consolidated financial statements for each of the financial years ended 31 December 2021 and 2022 multiple material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern:

For the year ended 31 December 2021, the Group incurred a loss of approximately RMB12,264,659,000 and net cash outflow from operating activities of approximately RMB2,370,896,000 for the year ended 31 December 2021 and, as of that date, the Group had net current liabilities and net liabilities approximately RMB1,031,973,000 and approximately RMB9,995,000, respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

For the year ended 31 December 2022, the Group incurred a loss of approximately RMB4,968,524,000 and net cash outflow from operating activities of approximately RMB1,086,174,000 for the year ended 31 December 2022 and, as of that date, the Group had net current liabilities and net liabilities approximately RMB7,261,358,000 and approximately RMB5,027,872,000, respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

We also draw attention to note 2 to the interim financial information for the six months ended 30 June 2023, which describes the multiple material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Save for the above, no qualified or modified opinion, emphasis of matter or material uncertainty related to going concern was contained in the auditor's reports of the Company issued by its auditors for each of the financial years ended 31 December 2020, 2021 and 2022.

STATEMENT OF INDEBTEDNESS

As at 30 September 2023, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group's indebtedness are set out below.

The Group had outstanding borrowings of approximately RMB6,085,179,000 comprising bank loans of approximately RMB811,251,000; unsecured and guaranteed senior notes of approximately RMB4,294,206,000; unsecured and unguaranteed convertible notes of approximately RMB940,563,000; and unsecured and unguaranteed non-trade nature of amount due to related parties of approximately RMB39,159,000. As at 30 September 2023, (i) bank loans of approximately RMB532,875,000 were secured and guaranteed; and (ii) approximately RMB278,376,000 were secured and unguaranteed bank loan.

As at the close of business on 30 September 2023, the Group had lease liabilities with the amount of approximately RMB148,848,000, which were unsecured and unguaranteed.

Save as disclosed above and apart from intra-group liabilities, at the close of business on 30 September 2023, the Group did not have any loan capital issued and outstanding or agreed to be issued, other debt securities or other similar indebtedness, liabilities under acceptance (other than normal trade bills and payables) or acceptance credits, debentures, mortgages, charges, hire purchase or other finance lease commitments, guarantees or other contingent liabilities.

The Directors confirmed that, save as disclosed above, there has been no material change in the indebtedness and contingent liabilities of the Group since 30 September 2023 up to the Latest Practicable Date.

SUFFICIENCY OF WORKING CAPITAL

The Directors, after due and careful enquiries, and on the assumption that the Restructuring and the Rights Issue are successfully completed, are of the opinion that, after taking into account the financial resources presently available to the Group including internally generated funds, the currently available banking facilities and other borrowings and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital to satisfy its present requirements for at least the next twelve months from the date of the publication of this circular.

Assuming that the Restructuring and the Rights Issue are successfully completed, the Company currently has no concrete plan to launch equity fundraising in the next twelve months from the date of the publication of this circular, although the Company does not preclude the possibility of it.

MATERIAL CHANGE

The Directors confirm that, save for the following information, there was no material change in the financial or trading position or outlook of the Group subsequent to 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date:

(i) as disclosed in the interim report for the six months ended 30 June 2023, the Group's revenue of approximately RMB2.3 billion for the six months ended 30 June 2023 ("**1H2023**"), representing a decrease of approximately RMB139.3 million or 5.7%, as compared to approximately RMB2.4 billion for the six months ended 30 June 2022 ("**1H2022**"). The decrease in revenue was mainly due to the decrease of revenue derived from real estate agency services in the primary market, which resulted from the decline of GTV caused by the disposal of Shanghai Weijia Real Estate Consulting Co., Ltd. on 29 March 2022. As disclosed in the interim report for the six months ended 30 June 2023, the Group recorded loss for the period attributable to owners of the Company of approximately RMB725.9 million for 1H2023 as compared to approximately RMB1.4 billion for 1H2022, which was primarily due to the decrease in staff cost by approximately RMB486.9 million primarily due to improved operational efficiency and the decrease in loss allowance on financial assets subject to expected credit loss ("**ECL**") by approximately RMB395.3 million primarily due to the decrease in provision/(reversal) for loss allowance on receivables at FVTOCI and accounts receivables and bills receivables; and

(ii) as disclosed in the interim report for the six months ended 30 June 2023, the Group recorded net current liabilities of approximately RMB8.0 billion as at 30 June 2023 as compared to net current liabilities of approximately RMB7.3 billion as at 31 December 2022. The widening of net current liabilities was mainly due to (i) the decrease in receivables at FVTOCI – accounts receivables and bills receivables by approximately RMB256.0 million, mainly due to the Company focused on collection and derecognition of receivables; (ii) the decrease in cash and cash equivalents by approximately RMB225.3 million, which was mainly attributable to the repayment of bank loans and related interests and the provision of daily operation; and (iii) the increase in other payables by approximately RMB180.7 million mainly due to the increase in accrued interest on USD-denominated senior notes as well as the increase in other borrowings by approximately RMB165.0 million mainly due to the increase in exchange rate.

BUSINESS TREND AND FINANCIAL AND TRADING PROSPECT

The Group 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, as of the Latest Practicable Date. 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 and facilitating sales transactions, and (ii) real estate brokerage network services, under the "Fangyou" brand, which primarily include integrating small and medium-sized secondary real estate brokerage stores in the PRC and empowering them with rich resources to enhance their business operations (collectively, the "**Remaining Businesses**"). The Restructuring and the Disposal serve as integral parts of the Group's plan to restructure its debt obligations. Having considered its options, the Board considers the Restructuring as 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 Group'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 2016.

In 2022, China's real estate industry experienced unprecedented challenge and turmoil, partly as a result of COVID-19 related disruptions in economic activities and negative market sentiment. Many leading developers, including the majority of the Group's clients, faced sharply decreased sales and serious liquidity constraints and many of them defaulted on their external liabilities. This led to not only a substantial decline in the Group's revenues, especially from real estate agency services in the primary market, but further delays in collection of accounts receivables. Since late 2022, the Chinese government has removed substantially all COVID-19 control-related policies and restrictions. In July 2023, the Chinese government issued a series of policy statements aiming to stimulate the economy and stabilise the real estate industry in the PRC. Since then, more specific policies have been announced including the lowering of benchmark lending rates and down payment requirements for home purchases, and removal or relaxation of purchase restrictions by many large cities. These measures are expected to help improve both the economy and the real estate market in the PRC.

In response to the downturn of the PRC real estate industry and the resulting liquidity constraints, the Group has sharply reduced its expenditures and focused on implementing cost-control measures, collection of receivables and continuing to operate the Remaining Businesses only to the extent that positive cash flow can be generated during the current period. The Remaining Businesses are the Group's core business segments with a long operating history. Even at a reduced scale, the Remaining Businesses have maintained continuity, including brand reputation, client relationships, experienced core management team, operational knowhow, and internal management and control systems to ensure smooth operation. Going forward, the Group's strategy is to control the scale and geographic scope of the Remaining Businesses according to industry environment. Expansion will be considered and carried out only if the industry shows substantial improvement in terms of market sentiment and transactional activities. Positive cash flow will be the Group's primary focus and consideration when deciding the pace of its expansion.

After the Disposal, the Group will focus its efforts on stabilising the revenue generated from the Remaining Businesses, details of which are set out below:

- **Real estate agency services:** The Group's real estate agency services primarily include formulating and executing marketing and sales strategies for new real estate projects developed by its developer customers, managing the sales center and show room, and facilitating sales transactions. Once a development project is ready to enter the sales phase, the Group's sales staff specially trained for the project will be stationed at the project site until most of the units are sold. The Group's sales staff provide prospective buyers with a presentation on the property, recommend appropriate floor plans based on their purchase criteria and provide assistance in contract signing. While the Group's sales staff also pursue sales leads, in recent years the Group's real estate agency services have increasingly focused on the execution of sales transactions for new development projects. While this has been the Group's core business, the Group has substantially reduced the scale of operation since the financial year of 2021 in light of the challenging market conditions. Going forward, the Group will focus on development projects that have strong sales prospects and can promptly settle its commission to ensure positive cash flow.

- **Real estate brokerage network services:** The Group launched its real estate brokerage network services under the "Fangyou" brand in January 2016 to integrate small and medium-sized real estate brokerage firms that each operate one or several brokerage stores. The Group does not open or operate its own brokerage stores, but authorises the participating brokerage stores to use the "Fangyou" brand, and provides software, training and other related services to them. The Group does not charge the brokerage firms for these services, but charges service fees when a real estate transaction is completed through a transaction service centre managed by the Group. Although real estate brokerage stores in China traditionally focused almost exclusively on executing transactions in the secondary market, in recent years they have become an increasingly important sales channel for new development projects. Developers have become more dependent on brokerage stores to source potential buyers and bring them into the showroom and are willing to pay a channels fee to brokerage stores for a successful transaction. At the same time, brokerage stores also actively seek access to new development projects to bring their customers more choices and increase revenues through the channels fee. The Group leverages its relationship with real estate developers and offers access to new home projects to brokerage stores that participate in the Group's brokerage network services, helping them generate new home transactions. For this service, the Group keeps a portion of the channels fee paid by the developers and passes on the remainder to the Fangyou brokerage firms.

- The Group's real estate agency services and real estate brokerage network services are complementary to, and do not compete with, each other in the primary market because they serve two distinct components in a new home transaction. While the primary real estate agency services focus on facilitating and executing transactions, the brokerage network services mainly help brokerage stores become an effective distribution channel for new home projects. For a new home project, the developer may simultaneously engage the Fangyou brokerage network to source potential buyers and the Group's real estate agency services to execute transactions. If a home buyer brought in by the Fangyou network completes a transaction at the project site where the Group is contracted to provide the real estate agency services, the Group is generally entitled to a commission for the provision of the real estate agency services as well as the channels fee received by the Fangyou network.

Upon completion of the Restructuring, TM Home will hold and operate the Group's two lines of business, being (i) the real estate data and consulting services business currently operated under CRIC and (ii) the online digital real estate marketing service business in partnership with Tmall Network, which also includes a controlling stake in Leju, a company listed on the New York Stock Exchange. Set out below are the details of the businesses to be disposed of by the Group upon completion of the Restructuring:

- **Real estate data and consulting services business currently operated under CRIC:** The real estate data and consulting services focus on serving developers at various stages of the project development and sales process and other clients with particular requests and needs. These services mainly include data services, rating and ranking services, and consulting services. In respect of the real estate data services, the Group charges its clients to service fees in a fixed amount depending on the number of cities covered, modules subscribed and user accounts, as well as the amount and type of additional services they require. In respect of the rating and ranking services, leveraging on the Group's data research and analysis system and published research reports and rankings, the Group charges service fees to its clients by providing value-added services after it has completed the relevant reports or rankings, such as compiling media reports on the ratings and rankings related to the customers for their marketing use. In respect of consulting services, the Group provides real estate consulting services to its developer clients throughout the design, development and sales stages and address specific issues encountered by them and, additionally, provides real estate consulting services to commercial banks, real estate trade associations and governmental property and planning agencies, as well as investors interested in investing in the real estate industry, pursuant to which the Group charges service fees to them.

- **Online real estate marketing service business in partnership with Tmall Network:** The online digital real estate marketing service business operated by TM Home has been built as a real estate information service platform and a virtual transaction platform. TM Home invites developers, real estate brokerage agencies and other real estate transaction agencies to open online stores on the platform. TM Home charges annual fees for maintaining these online stores and commission for transactions conducted through the online platform.

- **Leju:** Leju is a company listed on the New York Stock Exchange and a leading online-to-offline real estate services provider in China that is principally engaged in offering real estate e-commerce, online advertising, and online listing services through its online platform. Leju integrates its online platform with complementary offline services to facilitate residential property transactions. Leju offers real estate e-commerce services primarily in connection with new residential property sales, which include selling discount coupons to potential home buyers and facilitating property visits, marketing events and pre-sale customer support. In respect of the online advertising services, Leju mainly provides comprehensive advertisement placement services to advertisers, mainly property developers and home furnishing suppliers, through a packaged online cross-media and cross-platform product portfolio, including those owned by Leju and other independent outlets, by which Leju earns advertising revenue. In respect of the online listing services, Leju offers fee-based online property listing services to real estate agents and free services to individual property sellers.

The Group has operated and will continue to operate the Remaining Businesses independently from the businesses to be disposed of by the Group upon completion of the Restructuring. The Group has been providing the real estate agency services since its inception in 2000 and has been carrying on the real estate brokerage network services since 2016. In contrast, the online digital marketing platform operated by TM Home was established only in 2021. TM Home and Leju complement the Remaining Businesses to the extent that when the Group markets itself to real estate developers, it can offer an array of online and offline services and provide one-stop shop for the developers' marketing requirements, but are not otherwise connected, essential to or indispensable for the Remaining Businesses. Given the long operating history, the specific business models of the Remaining Businesses as described above and the independence of the management team which looks after the Remaining Business from the management team which looks after the entities and businesses to be disposed of by the Group upon completion of the Restructuring (the "**Disposal Group**"), there is clear delineation between the Remaining Business on one hand, and the Disposal Group on the other hand, the Disposal will only have minimal impact on the Group's operation of the Remaining Businesses.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE LIABILITIES OF THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company (the "**Unaudited Pro Forma Financial Information**") which has been prepared by the directors of the Company in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the proposed rights issue of 2,098,871,436 rights shares (the "**Rights Shares**") at the subscription price of HK$0.23 per Rights Share (the "**Rights Issue**"), on the basis of twelve rights shares for every ten shares held on the Record Date, on the consolidated net tangible liabilities of the Group attributable to owners of the Company as if the Rights Issue had taken place on 30 June 2023.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, may not give a true picture of the financial position of the Group following the Rights Issue.

The Unaudited Pro Forma Financial Information is prepared based on the consolidated net liabilities of the Group attributable to owners of the Company as at 30 June 2023, with adjustment described below, and is adjusted for the effect of the Rights Issue as if the Rights Issue had taken place on 30 June 2023.

	Unaudited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2023	Estimated net proceeds from the Rights Issue	Unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company immediately after the completion of the Rights Issue	Unaudited consolidated net tangible liabilities per share attributable to owners of the Company before the completion of the Rights Issue	Unaudited pro forma adjusted consolidated net tangible liabilities per share attributable to owners of the Company immediately after the completion of the Rights Issue
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*RMB*
Based on 2,098,871,436 Rights Shares to be issued at the subscription price of HK$0.23 per rights share	(6,442,494)	430,315	(6,012,179)	(3.68)	(1.56)

Notes:

(1) The unaudited consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 30 June 2023 is extracted from the unaudited consolidated net liabilities attributable to the owners of the Company as at 30 June 2023 of approximately RMB5,944,314,000 as adjusted by exclusion of intangible assets of approximately RMB498,180,000, as shown on consolidated statement of financial position of the Group extracted from the Group's published unaudited consolidated financial statements for the six months ended 30 June 2023 contained in the Company's interim report for the six months ended 30 June 2023 published on 27 September 2023.

(2) The estimated net proceeds from the Rights Issue of approximately HK$464,740,000 (equivalents to approximately RMB430,315,000) are based on gross proceeds from maximum number of 2,098,871,436 Rights Shares at the subscription price of HK$0.23 per Rights Shares of approximately HK$482,740,000 (equivalents to approximately RMB446,982,000), after deduction of the estimated related expenses of approximately HK$18,000,000 (equivalents to approximately RMB16,667,000), assuming that the Rights Issue had been completed on 30 June 2023.

(3) The unaudited consolidated net tangible liabilities per share attributable to owners of the Company before the completion of the Rights Issue is determined based on the consolidated net tangible liabilities of approximately RMB6,442,494,000 as disclosed in note 1 above, divided by 1,749,059,530 shares of the Company in issue at the Record Date and immediately before the completion of the Rights Issue, assuming that the Rights Issue had been completed on 30 June 2023.

(4) The unaudited pro forma adjusted consolidated net tangible liabilities per share attributable to owners of the Company immediately after the completion of the Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company immediately after the completion of the Rights Issue of approximately RMB6,012,179,000 divided by 3,847,930,966 shares of the Company which comprise 1,749,059,530 shares of the Company in issue at the Record Date and immediately before the completion of the Rights Issue and 2,098,871,436 Rights Shares to be issued immediately after the completion of the Rights Issue, as if the Rights Issue had been completed on 30 June 2023.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the accountants' report received from Zhonghui Anda CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's Unaudited Pro Forma Financial Information prepared for the purpose of inclusion in this circular.

中汇 ZHONGHUI

ZHONGHUI ANDA CPA Limited
Certified Public Accountants

30 November 2023

The Board of Directors
E-house (China) Enterprise Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of E-house (China) Enterprise Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company for illustrative purposes only. The pro forma financial information consists of the pro forma adjusted consolidated net tangible liabilities as at 30 June 2023 as set out on pages 115 to 116 of the circular (the "**Circular**") issued by the Company. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described in Section A of Appendix II to the Circular.

The pro forma financial information has been compiled by the directors to illustrate the impact of the Rights Issue on the Group's net tangible liabilities as at 30 June 2023 as if the transaction had been taken place at 30 June 2023. As part of this process, information about the Group's net tangible liabilities has been extracted by the directors from the Group's consolidated financial statements as included in the interim report for the six months ended 30 June 2023, on which a review report has been published.

Directors' Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the pro forma financial information in accordance with paragraph 13 of Appendix 1B and paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock exchange of Hong Kong Limited (the

"Listing Rules") and with reference to Accounting Guideline ("AG") 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2023 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We make no comments regarding the reasonableness of the amount of net proceeds from the Open Offer, the application of those net proceeds, or whether such use will actually take place as described under "Reasons for and benefits of the Rights Issue and use of proceeds" set out on page 54 of the Circular.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Li Shun Fai
Practising Certificate Number P05498
Hong Kong

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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular (other than those relating to Mr. Zhou Xin and parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace)) 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than those relating to Mr. Zhou Xin and parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace)) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular (other than those expressed by Mr. Zhou Xin) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

Mr. Zhou Xin accepts full responsibility for the accuracy of the information contained in this circular, and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and following completion of the Rights Issue (assuming no further issue or repurchase of Shares on or before the completion of the Rights Issue) will be as follows:

As at the Latest Practicable Date

	USD
Authorised share capital:	
5,000,000,000 Shares of USD0.00001 each	50,000.00
Issued and paid-up share capital:	
1,749,059,530 Shares of USD0.00001 each	17,490.60

Immediately following the completion of the Rights Issue (assuming no other issue or repurchase of Shares up to completion of the Rights Issue)

	USD
Authorised share capital:	
5,000,000,000 Shares of USD0.00001 each	50,000.00
Issued and paid-up share capital:	
3,847,930,966 Shares of USD0.00001 each immediately following the completion of the Rights Issue	38,479.31

All the Shares rank *pari passu* with each other in all respects including the rights as to dividends, voting and return of capital. The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* with each other and the Shares in issue on the date of allotment and issue of the Rights Shares in all respects including rights to dividends, voting and return of capital. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of issue of the fully-paid Rights Shares.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

The Company had not issued any Shares since 31 December 2022, being the end of the last financial year of the Company, and up to the Latest Practicable Date.

Save for the Old Notes, the Convertible Note and the options granted under Company's Pre-IPO Share Option Scheme, as at the Latest Practicable Date, the Company had no other outstanding warrants, options or convertible securities in issue which confer any right to subscribe for, convert or exchange into Shares.

MARKET PRICES

The table below shows the closing price(s) of the Shares as quoted on the Stock Exchange (i) on the Last Trading Day, (ii) at the end of each calendar months during the Relevant Period and (iii) on the Latest Practicable Date:

Date	**Closing price per Share** *HK$*
30 December 2022	0.630
31 January 2023	0.650
28 February 2023	0.400
31 March 2023	0.385
28 April 2023	0.425
31 May 2023	0.315
19 June 2023 (the Last Trading Day)	0.290
30 June 2023	0.230
31 July 2023	0.290
31 August 2023	0.240
29 September 2023	0.233
31 October 2023	0.200
27 November 2023 (the Latest Practicable Date)	0.211

The highest and lowest closing prices per Share as quoted on the Stock Exchange during the period commencing from 19 December 2022, being the first day of the Relevant Period, and ending on the Latest Practicable Date are HK$0.66 on 22, 23 December 2022 and 4, 20 January 2023 and HK$0.185 on 26 October 2023 and 20 November 2023, respectively.

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**") or which are required to be disclosed under the Takeovers 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)	65.28%
	Underwriter	1,620,535,238 (L)	

Name of Director/ chief executive	Nature of interest	Number of Shares	Approximate percentage of the Company's total issued share capital[(1)]
Mr. Huang Canhao[(3)]	Beneficial owner	9,600,000 (L)	0.549%
Dr. Ding Zuyu[(3)]	Beneficial owner	9,600,000 (L)	0.549%
Dr. Cheng Li-Lan[(3)]	Beneficial owner	1,446,000 (L)	0.083%

Notes:

(1) In respect of Mr. Zhou Xin's shareholding percentage, the calculation is based on the enlarged total number of 3,847,930,966 Shares in issue immediately following the issue and allotment of the Rights Shares. In respect of other shareholding percentages stated above, 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. 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.

Mr. Zhou Xin has provided the Irrevocable Undertaking to procure the taking up and payment by CRE Corp, E-House (China) Holdings, On Chance and Regal Ace, an aggregate of 478,336,198 Rights Shares, of which 274,704,000 Rights Shares, 176,302,128 Rights Shares, 24,000,000 Rights Shares and 3,330,070 Rights Shares, will be provisionally allotted (on nil-paid basis) to each of CRE Corp, E-House (China) Holdings, On Chance and Regal Ace, respectively, under the Rights Issue. Assuming no Rights Shares are taken up by the Qualifying Shareholders (other than those to be taken up by CRE Corp, E-House (China) Holdings, On Chance and Regal Ace pursuant to the Irrevocable Undertaking) and no Unsubscribed Rights Shares are successfully placed under the Compensatory Arrangements, Mr. Zhou Xin, as the underwriter, will be required to take up a maximum of 1,620,535,238 Rights Shares. In such circumstances and upon completion of the Rights Issue, assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Rights Shares, Mr. Zhou Xin and parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace) will, in aggregate, be interested in 2,497,484,934 Shares, representing approximately 65.28% of the issued share capital of the Company as enlarged by the issue of the Rights Shares.

(3) These Shares represent the Shares to be issued upon exercise of options granted under the Pre-IPO Share Option Scheme.

(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), 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, or were required to be disclosed under the Takeovers 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.

Interest of substantial shareholders

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following person, other than a Director or chief executive of the Company, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long position in the Shares

Name	Capacity	Number of Shares	Shareholding
CRE Corp(2)	Beneficial owner	228,920,000 (L)	13.088%
E-House (China) Holdings(2)	Beneficial owner and interest of controlled corporations	375,838,440 (L)	21.488%
E-House Holdings(3)	Interest of controlled corporations	375,838,440 (L)	21.488%
Alibaba Holding(4)	Interest of controlled corporations	245,096,197 (L)	14.013%
Taobao China Holding Limited(4)	Beneficial owner	145,588,000 (L)	8.324%

Name	Capacity	Number of Shares	Shareholding
Taobao Holding Limited[4]	Interest of controlled corporations	145,588,000 (L)	8.324%
Alibaba.com Hong Kong Limited[4]	Beneficial owner	99,508,197 (L)	5.689%
Alibaba Investment Holding Limited[4]	Interest of controlled corporations	99,508,197 (L)	5.689%
Alibaba.com Limited[4]	Interest of controlled corporations	99,508,197 (L)	5.689%
Jovial Idea Developments Limited[5]	Beneficial owner	171,690,000 (L)	9.816%
Central Sino Global Limited[5]	Interest of controlled corporations	171,690,000 (L)	9.816%
Tianji Holding Limited[5]	Interest of controlled corporations	171,690,000 (L)	9.816%
Hengda Real Estate Group Company Limited[5]	Interest of controlled corporations	171,690,000 (L)	9.816%
Guangzhou Kailong Real Estate Company Limited[5]	Interest of controlled corporations	171,690,000 (L)	9.816%
Guangzhou Chaofeng Land Company Limited[5]	Interest of controlled corporations	171,690,000 (L)	9.816%
Anji (BVI) Limited[5]	Interest of controlled corporations	171,690,000 (L)	9.816%
China Evergrande Group (“**Evergrande**”)[5]	Interest of controlled corporations	171,690,000 (L)	9.816%
Xin Xin (BVI) Limited[5]	Interest of controlled corporations	171,690,000 (L)	9.816%
Mr. Hui Ka Yan[5]	Interest of controlled corporations	171,690,000 (L)	9.816%
Captain Valley (Cayman) Limited[6]	Interest of controlled corporations	171,690,000 (L)	9.816%
Climax Fame (BVI) Limited[6]	Interest of controlled corporations	171,690,000 (L)	9.816%
Vanke Finance (Hong Kong) Limited[6]	Interest of controlled corporations	171,690,000 (L)	9.816%
Vanke Property (Hong Kong) Company Limited[6]	Interest of controlled corporations	171,690,000 (L)	9.816%
Shanghai Vanke Real Estate Company Limited[6]	Interest of controlled corporations	171,690,000 (L)	9.816%

Name	Capacity	Number of Shares	Shareholding
Shanghai Vanke Investment and Management Company Limited[(6)]	Interest of controlled corporations	171,690,000 (L)	9.816%
China Vanke Co., Ltd. ("**Vanke**")[(6)]	Interest of controlled corporations	171,690,000 (L)	9.816%

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) 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.

(3) 375,838,440 Shares are held as to 228,920,000 Shares by CRE Corp and 146,918,440 Shares by E-House (China) Holdings. 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.

(4) 145,588,000 Shares are held by Taobao China Holding Limited and 99,508,197 underlying Shares pursuant to the Convertible Notes are held by Alibaba.com Hong Kong Limited. Taobao China Holding Limited is a wholly-owned subsidiary of Taobao Holding Limited, which is a wholly-owned subsidiary of Alibaba Holding. Alibaba.com Hong Kong Limited is wholly-owned by Alibaba.com Investment Holding Limited, which is a wholly-owned subsidiary of Alibaba.com Limited. Alibaba.com Limited is 80.02% held by Alibaba Holding.

(5) Jovial Idea Developments Limited is wholly-owned by Central Sino Global Limited (中華環球有限公司), which is in turn wholly-owned by Tianji Holding Limited (天基控股有限公司). Tianji Holding Limited is wholly-owned by Hengda Real Estate Group Company Limited (恒大地產集團有限公司), which is owned as to 63.46% by Guangzhou Kailong Real Estate Company Limited (廣州市凱隆置業有限公司), wholly-owned by Guangzhou Chaofeng Land Company Limited (廣州市超豐置業有限公司). Guangzhou Chaofeng Land Company Limited is wholly-owned by Anji (BVI) Limited (安基BVI有限公司), which is wholly-owned by Evergrande. Evergrande is held as to 70.30% by Xin Xin (BVI) Limited, itself is wholly-owned by Mr. Hui Ka Yan. Hence, Central Sino Global Limited, Tianji Holding Limited, Hengda Real Estate Group Company Limited, Guangzhou Kailong Real Estate Company Limited, Guangzhou Chaofeng Land Company Limited, Anji (BVI) Limited, Evergrande, Xin Xin (BVI) Limited and Mr. Hui Ka Yan are deemed to be interested in the Shares held by Jovial Idea Developments Limited.

(6) Captain Valley (Cayman) Limited is wholly-owned by Climax Fame (BVI) Limited, which is in turn wholly-owned by Vanke Finance (Hong Kong) Limited. Vanke Finance (Hong Kong) Limited is wholly-owned by Vanke Property (Hong Kong) Company Limited, which is in turn wholly-owned by Shanghai Vanke Enterprise Company Limited (上海萬科企業有限公司). Shanghai Vanke Enterprise Company Limited is wholly-owned by Shanghai Vanke Investment and Management Company Limited (上海萬科投資管理有限公司), which is in turn wholly-owned by Vanke. Hence, Climax Fame (BVI) Limited, Vanke Finance (Hong Kong) Company Limited, Vanke Property (Hong Kong) Company Limited, Shanghai Vanke Enterprise Company Limited, Shanghai Vanke Investment and Management Company Limited and Vanke are deemed to be interested in the Shares held by Captain Valley (Cayman) Limited.

(7) 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 the Directors or chief executive of the Company, no person (other than a Director or chief executive of the Company) had, or was taken or deemed to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

DIRECTORS' SERVICES CONTRACTS

As at the Latest Practicable Date, (i) none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which (a) (including continuous and fixed term contracts) had been entered into or amended during the Relevant Period; (b) were continuous contracts with a notice period of twelve months or more; or (c) were fixed term contracts with more than twelve months to run irrespective of the notice period; and (ii) none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring or determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

COMPETING INTERESTS

Save and except for the interests of our Controlling Shareholders in our Company and its subsidiaries, as at the Latest Practicable Date, neither our Controlling Shareholders nor any of our Directors had any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

DIRECTORS' INTEREST IN ASSETS, CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any interest, directly or indirectly, in any asset which, since 31 December 2022, being the date to which the latest published audited financial statements of the Group were made up, had been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

Save as disclosed in the section headed "Connected Transactions" of the Report of the Directors in the annual report of the Company for the year ended 31 December 2022 published on 25 April 2023, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year ended 31 December 2022.

ADDITIONAL DISCLOSURE

As at the Latest Practicable Date,

(i) there was no agreement, arrangement or understanding pursuant to which the Rights Shares to be acquired by Mr. Zhou Xin under the Rights Issue will be transferred, charged or pledged to other persons;

(ii) save as disclosed in the shareholding structure table as set out in the section headed "Effects on the shareholding structure" in the "Letter from the Board" of this circular, none of the Directors and Mr. Zhou Xin and any parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace) own, control or have control or direction over any voting rights and rights over shares, convertible securities, warrants, options or derivatives of the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) (the "**Relevant Securities**") of the Company;

(iii) Mr. Zhou Xin and any parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace) and the Company have not received any irrevocable commitment from any Shareholders to vote for or against the proposed resolutions relating to the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deals and/or the Whitewash Waiver at the EGM;

(iv) save for the Irrevocable Undertaking given by Mr. Zhou Xin, the Company has not received any irrevocable commitment from any Shareholders to accept or reject the relevant Rights Shares to be provisionally allotted to the relevant party under the Rights Issue;

(v) save for the Underwriting Agreement entered into between the Company and Mr. Zhou Xin, the Placing Agreements entered into between the Company and the Placing Agents and the Irrevocable Undertaking given by Mr. Zhou Xin, Mr. Zhou Xin and any parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace) do not have any arrangements referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise), with any other persons in relation to the Relevant Securities of the Company, which might be material to the Rights Issue and/or the Underwriting Agreement and/or the Placing Agreements and/or the Special Deals and/or the Whitewash Waiver;

(vi) the Placing Agents do not own or control or have control or direction over any Relevant Securities of the Company and had not dealt for value in any such securities of the Company during the Relevant Period;

(vii) Mr. Zhou Xin and any parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace), the Company and the Directors have not borrowed or lent any Relevant Securities of the Company;

(viii) no benefit had been or would be given to any Director as compensation for loss of office or otherwise in connection with the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deals, and the transactions contemplated thereunder and the Whitewash Waiver;

(ix) no agreement, arrangement or understanding (including any compensation arrangement) existed among Mr. Zhou Xin or any parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace) and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Rights Issue, the Underwriting Agreement, the Placing Agreements, the Special Deals and the Whitewash Waiver;

(x) save that the Rights Issue, the Underwriting Agreement and the Placing Agreements are conditional upon, among other things, obtaining of the Whitewash Waiver by Mr. Zhou Xin and the consent from the Executive on the Special Deals, as set out in the sub-section headed "Conditions of the Underwriting Agreement" under the section headed "The Underwriting Agreement" in the "Letter from the Board" contained in this circular, there is no agreement or arrangement to which Mr. Zhou Xin or any parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace) is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Rights Issue and/or the Underwriting Agreement and/or the Placing Agreements and/or the Whitewash Waiver and/or the Special Deals;

(xi) the subsidiaries of the Company, pension funds of the Company or of any subsidiaries of the Company or a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of "acting in concert" under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of "associate" under the Takeovers Code do not own, control or have control or direction over any Relevant Securities of the Company. The aforesaid parties had not dealt for value in any such securities of the Company during the Relevant Period;

(xii) save for the Placing Agreements entered between the Company and the Placing Agents, the Underwriting Agreement entered between the Company and Mr. Zhou Xin, and the Irrevocable Undertaking given by Mr. Zhou Xin to the Company, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of "acting in concert" under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of "associate" under the Takeovers Code;

(xiii) Mr. Zhou Xin and parties acting in concert with him had not dealt for value in any Relevant Securities of the Company during the Relevant Period;

(xiv) no Relevant Securities of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company;

(xv) Mr. Zhou Xin has executed the Irrevocable Undertaking. In accordance with the Listing Rules and the Takeovers Code, Mr. Zhou Xin, his associates and any parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace) shall abstain from voting in favour of the resolutions to approve the Rights Issue, the Placing Agreements, the Special Deal 1, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver at the EGM;

(xvi) there was no agreement or arrangement between any of the Directors and any other person which was conditional on or dependent upon the outcome of the Rights Issue, the Underwriting Agreement, the Placing Agreements, the Special Deals and the transactions contemplated thereunder and the Whitewash Waiver or otherwise connected with the Rights Issue, the Underwriting Agreement, the Placing Agreements, the Special Deals and the transactions contemplated thereunder and the Whitewash Waiver;

(xvii) save for (1) Mr. Zhou Xin (a substantial shareholder, an executive Director and the chairman of the Company) who is the Underwriter and as such, is interested in the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deals and the transactions contemplated thereunder and/or the Whitewash Waiver, and (2) Ms. Jiang Shanshan, a non-executive Director, who is currently serving as the investment director at Alibaba Holding and hence is deemed to be interested in the Special Deals, there was no material contract entered into by Mr. Zhou Xin and parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace) in which any Director had a material personal interest;

(xviii) apart from the placing commission payable by the Company to the Placing Agents pursuant to the terms of the Placing Agreements, the Company has not paid and will not pay any other consideration, compensation or benefit in whatever form to Mr. Zhou Xin and parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace) in connection with the Rights Issue;

(xix) apart from the Underwriting Agreement and the Irrevocable Undertaking therein and the Placing Agreements, there is no other understanding, arrangement or special deal between the Group on the one hand, and Mr. Zhou Xin and parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace) on the other hand;

(xx) save for the Special Deals, there was no understanding, arrangement or agreement or special deal between (a) any Shareholder; and (b) (i) Mr. Zhou Xin and parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace), or (ii) the Company, its subsidiaries or associated companies;

(xxi) during the Relevant Period, none of the Directors has dealt for value in any of the Relevant Securities; and

(xxii) Save for (1) Mr. Zhou Xin (a substantial shareholder, an executive Director and the chairman of the Company) who is interested in 413,073,499 Shares, representing approximately 23.62% of the issued share capital of the Company, through CRE Corp, E-House (China) Holdings, On Chance and Regal Ace (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), (2) Mr. Huang Canhao who is interested in 9,600,000 Shares, representing approximately 0.55% of the Company's total issued share capital, (3) Dr. Ding Zuyu who is interested in 9,600,000 Shares, representing approximately 0.55% of the Company's total issued share capital and (4) Dr. Cheng Li-Lan who is interested in 1,446,000 Shares, representing approximately 0.08% of the Company's total issued share capital, none of the Directors is interested in any Shares. The interests of Mr. Huang Canhao, Dr. Ding Zuyu and Dr. Cheng Li-Lan in the Company's Shares represent the Shares to be issued upon exercise of options granted under the Pre-IPO Share Option Scheme. The Directors who hold Shares are required to abstain from voting on the resolution(s) to approve the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deal 1 and the transactions contemplated thereunder and the Whitewash Waiver at the EGM.

MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) were entered into by members of the Group from 19 June 2021 (being the date falling two years immediately preceding 19 June 2023 (being the date of the Rights Issue Announcement)) up to and including the Latest Practicable Date:

(i) the sale and purchase agreement entered into between the Company and TM Home Limited dated 1 September 2021, pursuant to which the Company conditionally agreed to sell, and the JV has conditionally agreed to purchase, the sale interest comprising of 76,401,247 ordinary shares of Leju, a subsidiary of the Company, representing approximately 55.84% of the issued share capital of Leju and the entire equity interest in E-House (China) International Property Development Limited, a wholly-owned subsidiary of the Company;

(ii) the subscription agreement dated 1 September 2021 entered into between the Company and TM Home Limited (the "**Subscription Agreement**"), pursuant to which the Company has conditionally agreed to subscribe for, and TM Home Limited has conditionally agreed to allot and issue 6,854,839 new ordinary shares in TM Home Limited for a consideration of HK$1,500,000,000 (representing approximately HK$218.82 per share in TM Home Limited) which shall be payable by the Company in full upon completion of the Subscription Agreement;

(iii) 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;

(iv) 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;

(v) the Restructuring Support Agreement (CB);

(vi) the restructuring support agreement, dated 2 April 2023, entered into by the Company, the Subsidiary Guarantors and D.F. King Ltd. in relation to the Restructuring;

(vii) the Placing Agreements; and

(viii) the Underwriting Agreement (including the Irrevocable Undertaking).

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.

EXPERTS AND CONSENTS

The qualifications of the experts who have given opinions, letters or advice contained in this circular are set out below:

Name	Qualification
Zhonghui Anda CPA Limited	Certified Public Accountants
Maxa Capital Limited	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter, advice, report and/or references to its names, in the form and context in which they are respectively included.

As at the Latest Practicable Date, each of the above experts was not beneficially interested in the share capital of any member of the Group or had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for any securities in any member of the Group, nor did it have any interest, either directly or indirectly, in the assets which have been 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, since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

EXPENSES

The expenses payable by the Company in connection with the Rights Issue, the Placing Agreements, the Underwriting Agreement, the Special Deals and the Whitewash Waiver, including printing, registration, translation, legal, financial advisory, accounting and other professional fees, are estimated to be approximately HK$18 million.

PARTICULARS OF DIRECTORS

Biographies of the existing Directors are set out below:

Executive Directors

Mr. Zhou Xin (周忻), aged 56, is a founder of our business, an executive Director, chairman of the nomination committee, and chairman of our Group. He is primarily responsible for formulating the overall development strategies and business plans of our Group. Mr. Zhou Xin received his bachelor's degree in mechanical design and manufacturing from the Shanghai University (上海大學) in 1990. Mr. Zhou Xin has over 24 years of experience in China's real estate industry. He served as deputy general manager of Shanghai Jinfeng Investments Co., Ltd. (上海金豐投資股份有限公司), a company listed on the Shanghai Stock Exchange with stock code 600606. He has held many roles in E-House (China) Holdings, formerly listed on NYSE with stock code EJ, including as vice chairman and president of E-House Management since 2003, its chairman since 2005 and chief executive officer from 2003 to 2009 and again since 2012. Between 2009 and 2012, Mr. Zhou Xin was the co-chairman and chief executive officer of CRE Corp during the time it was listed on NYSE until it was privatised by E-House (China) Holdings. He has also served as executive chairman of Leju since its inception. Mr. Zhou Xin has also been the director of PRC Holdco since July 2006.

Currently, Mr. Zhou Xin holds directorships in the following listed company:

- director of Leju since its listing in April 2014. Leju is a company listed on NYSE with stock code LEJU and has since the completion of the Equity Transfer Agreements become a subsidiary of the Company.

Mr. Zhou Xin was a director of E-House (China) Holdings, a company listed on NYSE with stock code EJ, from its listing in August 2007 to August 2016 when it was delisted. Mr. Zhou Xin was named the "Person of the Year of Chinese Economy" jointly by SINA Corporation and People's Daily in 2016, received the "China Business Leader Award" from the Eighth China Business Leader Forum in 2016, received the "Outstanding Entrepreneur Award" from Enterprise Asia in 2010, and was awarded the "Special Contribution Award in China's Real Estate Services Industry" in 2005.

Mr. Zhou Xin currently serves as vice-chairman of China Real Estate Association, director of The Nature Conservancy China, vice-chairman of China Real Estate Developers and Investors Associations, and chairman of Real Estate Service Committee of China Real Estate Association. He is also chairman of Shanghai Real Estate Broker Industry Association, and rotating chairman of Shanghai Entrepreneur Association.

Mr. Zhou Xin is also a director of certain of our substantial shareholders and their subsidiaries and associates, as detailed in the section headed "Relationship with our Controlling Shareholders" in the Prospectus.

Mr. Huang Canhao (黃燦浩), aged 66, is an executive Director and vice chairman of our Group. He is primarily responsible for overseeing the management and strategic development of our Group. Mr. Huang received his diploma in Economics Management from the International Business School of Shanghai University in 1998.

In 2000, he joined our business, serving at E-House Management from 2000 to 2007 as vice president and serving at E-House (China) Holdings from 2007 to 2009 as head of operations. He has also held various roles in PRC Holdco, including vice president of the real estate agency services business division in the primary market from 2009 to 2015, and a director and vice chairman since 2016.

Mr. Huang has been a director of Leju since its listing in April 2014. Leju is a company listed on NYSE with stock code LEJU and has since the completion of the Equity Transfer Agreements become a subsidiary of the Company. Mr. Huang was a director of our substantial shareholder, CRE Corp, from its listing in October 2009 to May 2012 when it was delisted. Additionally, Mr. Huang was previously a director of E-House (China) Holdings, a company listed on NYSE with stock code EJ, from its listing in August 2007 to August 2016 when it was delisted.

Mr. Huang was re-appointed as a director of E-House (China) Holdings Limited.

Dr. Ding Zuyu (丁祖昱), aged 50, is an executive Director of our Company and chief executive officer of the Group. Dr. Ding is primarily responsible for overseeing the management and strategic development of our Group. He received his bachelor's degree in Real Estate Business Management in July 1998 and his doctorate in Economics in December 2013, both from East China Normal University (華東師範大學).

Between September 2000 and November 2001, he served as manager of the research and development department of E-House Management, after which he served as vice president and technology director of E-House Management until January 2008. He also served as co-president of CRE Corp from September 2009 to September 2011 and as director from March 2011 to April 2012. Dr. Ding was the co-president of E-House (China) Holdings from April 2012 to August 2016. He has been the president of real estate data and consulting services division of PRC Holdco since July 2006 and chief executive officer of PRC Holdco since August 2016.

He serves as a vice principal of the E-House Research and Training Institute (易居研究院). He is also an executive member of the China Real Estate Association (中國房地產業協會) and served as an adviser on the real estate market for the China's Ministry of Housing and Urban-Rural Development (國家住房和城鄉建設部). He was named as "Shanghai Outstanding Young Merchant" (上海傑出青商) in 2012 and was named one of the "Top Ten Shanghai Young Economics Figures" (上海十大傑出青年經濟人物) for 2011 to 2012. Dr. Ding currently also serves as the general manager Beijing CREA Technology Services Ltd. (北京中房研協技術服務有限公司).

Dr. Ding was an independent director of Sanxiang Impression Co., Ltd (三湘印象股份有限公司), a company listed on the Shenzhen Stock Exchange with stock code 00863 from January 2012 until his resignation in January 2018. Dr. Ding has also been an independent non-executive director of Powerlong Real Estate Holdings Limited, a company listed on the Hong Kong Stock Exchange with stock code 1238, since December 2014. Dr. Ding was also an independent director of Shanghai Chengtou Holdings Co., Ltd. (上海城投控股股份有限公司), a company listed on the Shanghai Stock Exchange with stock code 600649, from July 2011 to March 2017.

Mr. Cheng Li-Lan (程立瀾), aged 58, is currently an executive director of the Company, a position he has held since 2018. In addition, he has been chief financial officer of the Company since 19 February 2023, was acting chief financial officer of Leju, a subsidiary of the Company, from 2017 to February 2023, and was its executive director from 2014 to 2017. Mr. Cheng served as the chief operating officer of E-House (China) Holdings Limited (formerly NYSE: EJ), an affiliate of the Company, from 2012 to 2018 and its chief financial officer from 2006 to 2012.

Prior to joining E-House, Mr. Cheng served as the chief financial officer of SouFun Holdings Limited, an online real estate service company in China, from 2005 to 2006. From 2002 to 2004, Mr. Cheng served as an executive director and the chief financial officer of SOHO China Limited, a real estate developer in Beijing. Mr. Cheng was an assistant director and the head of the Asian transportation sector investment banking group of ABN AMRO Asia from 1997 to 2002. From 1995 to 1997, Mr. Cheng was a senior analyst at the National Economic Research Associates, Inc., an economic and financial consulting firm in New York. From 1989 to 1991, he was an investment trainee and analyst at the Prudential Investment Corporation, the institutional investment subsidiary of the Prudential Insurance Company of America based in Newark, NJ.

Mr. Cheng is an independent director and audit committee chairman of Yunji Inc. (NASDAQ: YJ), a Nasdaq-listed social e-commerce platform in China. He also served as an independent director and on the audit committee of 51job, Inc. (formerly NASDAQ: JOBS), LAIX Inc. (formerly NYSE: LAIX), Country Style Cooking Restaurant Chain Co., Ltd. (formerly NYSE: CCSC), and Le GAGA Holdings Limited (formerly NASDAQ: GAGA).

Mr. Cheng received a bachelor's degree in Economics from Swarthmore College and a Ph.D. degree in Economics from the Massachusetts Institute of Technology. Mr. Cheng is a chartered financial analyst (CFA).

Non-Executive Directors

Ms. Jiang Shanshan (蔣珊珊), aged 40, is a non-executive Director. Ms. Jiang currently serves as investment director at Alibaba Group Holding Ltd. From 2016 to 2018, Ms. Jiang was an investment director at Permira Advisers (China) Limited. Between 2010 and 2015, Ms. Jiang served as vice president at Unitas Capital. She was a senior associate of strategic consulting at PricewaterhouseCoopers from 2008 to 2010. Ms. Jiang received a master's degree in operational research and control sciences from Fudan University in 2008.

Mr. Yang Yong (楊勇), aged 51, is a non-executive Director. Mr. Yang holds the professional title of senior economist. Mr. Yang graduated with a bachelor's degree in Economics from Guanghua School of Management of Peking University (北京大學光華管理學院) in 1995. Since 1995, Mr. Yang has served in several senior positions at Shanghai Star (Group) Co., Ltd. (上海中星(集團)有限公司), including as a general manager in the investment management department and a deputy chief economist. Between 2014 and 2019, Mr. Yang served as a general manager in the strategic investment department of the Shanghai Land (Group) Co., Ltd.. He was a general manager of Shen Shou Run Investment Management Co., Ltd. from 2019 to 2021. Since 2021, Mr. Yang has served as a general manager in the investment and development facilitation centre of China Vanke Co., Ltd. (萬科企業股份有限公司上海區域投資和發展促進中心).

Mr. Song Jiajun (宋家俊), aged 51, currently serves as a deputy general manager of Shenzhen Overseas Chinese Town Capital Investment Management Company Limited (深圳華僑城資本投資管理有限公司) ("Shenzhen OCT"), a deputy general manager of Hong Kong Overseas Chinese Town Company Limited (香港華僑城有限公司) and a director of several subsidiaries of the OCT group. Mr. Song joined Shenzhen OCT in 2017. Previously, he had worked in investment banking and merger and acquisitions at CITIC Securities Company Limited (中信証券股份有限公司), and served as a senior executive at Languang Investment Holdings Group Co., Ltd. (藍光投資控股集團). Mr. Song received his bachelor's degree in Arts and bachelor's degree in Laws, both from Wuhan University (武漢大學) in 1995. Since 31 March 2023, Mr. Song has been a non-executive director of Yuzhou Group Holdings Company Limited, a company listed on the Stock Exchange (HKEX:1628).

Mr. Chen Daiping (陳代平), aged 41, currently serves as a manager of finance of a Hong Kong subsidiary of China Evergrande Group. Mr. Chen joined China Evergrande Group in July 2008 and has more than 15 years of working experience in financial management positions. Mr. Chen received his bachelor's degree in Management from Nankai University (南開大學) in June 2008.

Independent Non-executive Directors

Mr. Zhang Bang (張磅), aged 55, was appointed as an independent non-executive Director and the chairman of the audit committee with effect from 10 July 2018. He is our Director with appropriate professional accounting or related financial management experience for the purpose of Rule 3.10(2) of the Listing Rules through his experiences described below. Additionally, Mr. Zhang is both a fellow of the Chartered Institute of Management Accountants and a chartered global management accountant of the Association of International Certified Professional Accountants.

Mr. Zhang received his master's degree in business administration in June 2001 from Jinan University in China.

Mr. Zhang is currently the chief corporate officer of Octave (Shanghai) Enterprise Management Company Limited (音昱(上海)企業管理有限公司), having held that position since April 2018. Previously, Mr. Zhang served as the chief financial officer of DG Group (雙志偉業集團) and Golden Jaguar Group (金錢豹餐飲集團). He was also the chief financial officer of MecoxLane Co. Ltd. (麥考林集團), a company previously listed on the NASDAQ with stock code MCOX, from July 2009 to December 2013. Between April 1994 and June 2009, Mr. Zhang was the chief financial officer of McDonald's (China) Company Limited (麥當勞(中國)有限公司).

Currently, Mr. Zhang holds directorships in the following listed companies:

- independent non-executive director of Arrail Group Limited, a company listed on the Stock Exchange with stock code 6639 since November 2021.

Mr. Zhu Hongchao (朱洪超), aged 64, was appointed as an independent non-executive Director, chairman of the remuneration committee, and a member of the nomination committee with effect from 10 July 2018. Mr. Zhu received his bachelor's degree in law from Fudan University (復旦大學) in 1983 and his master's degree in Foreign Legal studies from Fudan University (復旦大學) in July 1996. In 1993, he obtained a Qualification Certificate for the Securities Law Consulting Business (中國證券監督管理委員會從事證券法律業務資格) by the CSRC.

Mr. Zhu serves as the head of office and senior partner at Shanghai United Law Firm, having held that position since 1986. He has previously served as the vice president and chief supervisor of the Shanghai Lawyers Association. Mr. Zhu also served as the vice president of the All-China Lawyers' Association, and between 2008 and 2018 Mr. Zhu served as a representative member of the 13th and 14th Shanghai Municipal People's Congress. Mr. Zhu is also an arbitrator at both the Shanghai Arbitration Commission and the Shanghai International Arbitration Centre since September 2008 and May 2015, respectively, and is an accredited mediator of the Shanghai Commercial Mediation Centre. He has been a part-time professor at the Lawyer Academy of East China University of Political Science and Law since September 2012, and part-time supervisor of postgraduates at Shanghai International Studies University since October 2015.

Currently, Mr. Zhu holds directorships in the following listed companies:

- independent director of Leju since March 2017. Leju is a company listed on NYSE with stock code LEJU and has since the completion of the Equity Transfer Agreements become a subsidiary of the Company;

- independent non-executive director of Haitong Securities Co., Ltd. (Stock Exchange stock code: 6837, and Shanghai Stock Exchange stock code: 600837) since June 2019;

- independent director of Shanghai Hysea Industrial Communications Co., Ltd.* (上海海希工業通訊股份有限公司) (National Equities Exchange and Quotations (NEEQ) stock code: 831305) since July 2020; and

- independent non-executive director of Sansheng Holdings (Group) Co. Ltd. (Stock Exchange stock code: 2183) since February 2021.

Mr. Zhu was also an independent non-executive director of E-House Holdings Limited from 2007 to 2017, an independent non-executive director of PRC Holdco since 2017, an independent director of Wonders Information Co., Ltd. (Shenzhen Stock Exchange stock code: 300168) from December 2013 to October 2019 and an independent non-executive director of Chiho Environmental Group Limited (Stock Exchange stock code: 976) from April 2018 to February 2020.

Mr. Wang Liqun (王力群), aged 69, was appointed as an independent non-executive Director and a member of each of the audit committee, remuneration committee and nomination committee, with effect from 10 July 2018. He received his diploma in Economic Management from the University of Shanghai Urban Construction College in July 1987, and received his bachelor's degree in Economics in December 1993 from Correspondence Institute of the Party School of the Central Committee of the Communist Party of China (中國共產黨中央委員會黨校函授學院). Mr. Wang obtained the senior economist certificate issued by the Working Group for the National Reform of the Professional Ranking System of Shanghai (上海市職稱改革工作領導小組) in December 1992.

Mr. Wang is the chairman and founder of Stone Capital Co., Ltd., a private equity fund management company based in China, which he founded in September 2008. Prior to that, he was the chief executive officer of Shanghai Bus Corporation from 1992 to 2007, president of the Shanghai Urban Construction and Investment Corporation from 1999 to 2001, chairman of the Shanghai Public Transportation Card Corporation from 1999 to 2004 and chairman of the Shanghai Modern Rail Transit Corporation from 2000 to 2007.

Mr. Li Jin (李勁), aged 56, was appointed as an independent non-executive Director and a member of the audit committee with effect from 10 July 2018. Mr. Li received his juris doctor degree in law from Columbia University in May 1994.

Mr. Li served as the chief financial officer of Inke Limited since March 2018 until his resignation in February 2019. He also served as the executive director of China Linong International Limited from 2006 to 2013, as the chief financial officer of Sungy Mobile Limited from July 2013 to August 2014, and as chief financial officer of Baby Space Corporation from December 2015 to December 2016.

Mr. Li is an independent director of Leju since April 2014. Leju is a company listed on the NYSE with stock code LEJU and has since the completion of the Equity Transfer Agreements become a subsidiary of the Company. He is also an independent non-executive director of Kingbo Strike Ltd., a company listed on the Stock Exchange with stock code 1421, since June 2017. He also served as a director of Le GAGA Holdings Ltd., an agricultural products producer company formerly listed on NASDAQ with stock code GAGA, from 2006 until it was delisted in 2014.

Business address of the Directors

The business address of the Directors is the same as the Company's principal office in Hong Kong at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong.

Company secretary

Mr. Cheng Ching Kit (鄭程傑) was appointed on 12 June 2018. Mr. Cheng is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited, a professional services provider specialising in corporate services, and has over 10 years of experience in corporate secretarial field. He is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. In addition, he holds a Bachelor of Commerce in Finance from the University of Queensland, Australia and a Master of Laws in Chinese law from the University of Hong Kong.

CORPORATE INFORMATION AND PARTIES TO THE RIGHTS ISSUE

Registered office:	Maples Corporate Services Limited PO Box 309 Ugland House Grand Cayman, KY1-1104 Cayman Islands
Headquarters:	11/F, Yinli Building 383 Guangyan Road, Jing'an District Shanghai 200072 China
Principal place of business in Hong Kong:	40th Floor, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai, Hong Kong
Legal advisers to the Company as to Hong Kong law:	Skadden, Arps, Slate, Meagher & Flom 42/F, Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong
Legal advisers to the Company as to the laws of the PRC:	Grandall (Shanghai) Law Firm 27/F, Garden Square 968 West Beijing Road, Jing'an District Shanghai 200041 China
Principal share registrar and transfer office:	Maples Fund Services (Cayman) Limited PO Box 1093, Boundary Hall Cricket Square Grand Cayman, KY1-1102 Cayman Islands
Hong Kong branch share registrar and transfer office:	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre No. 183 Queen's Road East Wanchai Hong Kong

Independent financial adviser:

Maxa Capital Limited
Unit 1908 Harbour Center
25 Harbour Road
Wanchai
Hong Kong

Auditors and reporting accountants:

Zhonghui Anda CPA Limited
23rd Floor, Tower 2
Enterprise Square Five
38 Wang Chiu Road
Kowloon Bay
Kowloon
Hong Kong

Principal bankers:

Shanghai Pudong Development Bank Co., Ltd. (Nanhui Branch)
3388 Renmin East Road
Pudong New Area
Shanghai

China CITIC Bank (Shanghai Hongkou Branch)
1666 North Sichuan Road,
Hongkou District
Shanghai

Bank of Communications (Shanghai Zhabei Branch)
211 Hengtong Road
Jing'an District
Shanghai

China Merchants Bank (Dongfang Branch)
No. 032, L1/F, Century Plaza, No. 1192 Century Avenue
Pudong New Area
Shanghai

Authorised representatives:

Dr. Cheng Li-Lan
Flat 802, Building 5
333 Shimenyi Road
Shanghai, China

Mr. Huang Canhao
Room 3833, Four Seasons Place
8 Finance Street
Central, Hong Kong

Company Secretary:	Mr. Cheng Ching Kit
Placing agents: ***(in alphabetical order)***	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong CRIC Securities Company Limited 8/F, Prosperity Tower 39 Queen's Road Central Hong Kong
Underwriter:	Mr. Zhou Xin 40th Floor, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai, Hong Kong

GENERAL

As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.

DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Company (www.ehousechina.com), the Stock Exchange (www.hkexnews.hk) and the SFC (www.sfc.hk) from the date of this circular for at least 14 days and including the date of the EGM:

(i) the memorandum and articles of association of the Company;

(ii) the annual reports of the Company for each of the financial years ended 31 December 2020, 2021 and 2022;

(iii) the interim report of the Company for the six months ended 30 June 2023;

(iv) the letter from the Board, the text of which is set out on pages 25 to 65 of this circular;

(v) the letter from the Listing Rules IBC, the text of which is set out on pages 66 to 67 of this circular;

(vi) the letter from the Takeovers Code IBC, the text of which is set out on pages 68 to 70 of this circular;

(vii) the letter from Maxa Capital Limited, the text of which is set out on pages 71 to 104 of this circular;

(viii) the report from Zhonghui Anda CPA Limited on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this circular;

(ix) the written consents of the experts as referred to in the sub-section headed "Experts and Consents";

(x) the material contracts referred to in the sub-section headed "Material Contracts" (including the Irrevocable Undertaking contained in the Underwriting Agreement); and

(xi) 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)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the "**EGM**") 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 at 10:00 a.m. on Wednesday, 31 January 2024 for the purpose of considering, if thought fit, passing with or without amendments, the following resolutions of the Company. Unless otherwise stated, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 30 November 2023 (the "**Circular**"):

ORDINARY RESOLUTIONS

1. "**THAT** subject to the passing of the resolutions numbered 2 and 3 below and the satisfaction of the conditions of the Rights Issue (as defined below):

   (a) the Underwriting Agreement dated 19 June 2023 ("**Underwriting Agreement**") signed between the Company and Mr. Zhou Xin ("**Underwriter**"), (a copy of the Underwriting Agreement marked "**A-1**" has been produced to this EGM and initialled by the chairman of this EGM for the purpose of identification), and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;

   (b) the issue by way of rights issue ("**Rights Issue**") of 2,098,871,436 new ordinary shares of the Company ("**Rights Shares**" and each a "**Right Share**"), on the basis of twelve (12) Rights Shares for every ten (10) Shares held by the shareholders of the Company ("**Shareholders**") on Wednesday, 14 February 2024 (the "**Record Date**") (or such other date as may be agreed between the Company and the Underwriter for determining entitlements of Shareholders to participate in the Rights Issue), at a subscription price of HK$0.23 per Rights Share ("**Subscription Price**") to Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date ("**Qualifying Shareholders**"), save for non-Hong Kong Shareholders to whom the directors of the Company ("**Directors**"), based on legal opinions to be provided by the legal advisers to the Company, consider it necessary or expedient not to offer the Rights Shares ("**Non-Qualifying Shareholders**") on account either of the legal restrictions under the laws of the relevant place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), and substantially on the terms and conditions set out in the Circular (a copy of the Circular marked "**B**" has been produced to this EGM and initialled by the chairman of this EGM for the purpose of identification) and such other terms and conditions as may be determined by the Directors, be and is hereby approved, confirmed and ratified;

(c) the placing agreement dated 19 June 2023 entered into between the Company and China International Capital Corporation Hong Kong Securities Limited ("**CICC**") ("**CICC Placing Agreement**") and the placing agreement dated 19 June 2023 entered into between the Company and CRIC Securities Company Limited ("**CRIC Securities**", together with CICC, "**Placing Agents**") ("**CRIC Securities Placing Agreement**", together with the CICC Placing Agreement, "**Placing Agreements**"), respectively, in relation to the placing of those Rights Shares that are not successfully sold by the Company (the "**Unsubscribed Rights Shares**") and/or the Rights Share(s) which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form (the "**NQS Unsold Rights Shares**") at the placing price of not less than the Subscription Price on a best effort basis (copies of the CICC Placing Agreement and the CRIC Securities Placing Agreement marked "**C-1**" and "**C-2**", respectively, have been produced to this EGM and initialled by the chairman of this EGM for the purpose of identification), and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;

(d) the board of Directors ("**Board**") or a committee thereof be and is hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue in accordance with the terms set out in the Circular;

(e) the Board or a committee thereof be and is hereby authorised to make such other exclusions or other arrangements in relation to the Non-Qualifying Shareholders as it may deem necessary or expedient having regard to any restrictions or obligations under the articles of association of the Company or the laws of, or the rules and regulations of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong, and generally to do such things or make such arrangements as it may think fit to effect the Rights Issue; and

(f) any one or more Director(s) be and is/are hereby authorised to do all such acts and things, to sign and execute all such further documents or deeds and to take such steps as he/they may in his/their absolute discretion consider necessary, appropriate, desirable or expedient to carry out or to give effect to or in connection with the Rights Issue, the Underwriting Agreement, the Placing Agreements and any transactions contemplated thereunder."

2. "**THAT**:

(a) Subject to the passing of the resolutions numbered 1 and 3 and conditional upon the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his or her delegate(s) granting consent to the Special Deal 1 (as defined below), the use of the proceeds from the Rights Issue for the payment of the Cash Consideration to the CB Holder (being an associate of Taobao China and a Scheme Creditor) and other Scheme Creditors who may also be Shareholders, which constitute a special deal under Note 5 to Rule 25 of the Takeovers Code ("**Special Deal 1**"), be and is hereby approved, confirmed and ratified; and

(b) any one or more Director(s) be and is/are hereby authorised to do all such acts and things, to sign and execute all such further documents or deeds and to take such steps as he/they may in his/their absolute discretion consider necessary, appropriate, desirable or expedient to carry out or to give effect to or in connection with any matters relating to the Special Deal 1 and the transactions contemplated thereunder."

SPECIAL RESOLUTION

3. "**THAT**:

(a) subject to the granting of the Whitewash Waiver (as defined below) by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong and the satisfaction of any conditions attached to the Whitewash Waiver granted, the waiver pursuant to Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code waiving any obligation of the Underwriter to make a mandatory general offer to the Shareholders in respect of the shares of the Company not already owned or agreed to be acquired by the Underwriter and parties acting in concert with him which would arise under Rule 26 of the Takeovers Code as a result of the fulfilment of the underwriting obligations by the Underwriter pursuant to the Underwriting Agreement ("**Whitewash Waiver**") be and is hereby approved; and

(b) any one or more Director(s) be and is/are hereby authorised to do all such acts and things, to sign and execute all such further documents or deeds and to take such steps as he/they may in his/their absolute discretion consider necessary, appropriate, desirable or expedient to carry out or to give effect to or in connection with any matters relating to the Whitewash Waiver and the transactions contemplated thereunder."

On behalf of the Board
E-House (China) Enterprise Holdings Limited
ZHOU Xin
Chairman

Hong Kong, 30 November 2023

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

Principal Place of Business in Hong Kong:
40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai, Hong Kong

Notes:

(1) A member of the Company entitled to attend and vote at the EGM is entitled to appoint in written form one or, if he is the holder of two or more shares (the "**Shares**") of the Company, more proxy(ies) to attend and vote instead of him. A proxy need not be a member of the Company.

(2) In order to be valid, the instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised to sign the same, and must be delivered to the office of the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than forty-eight (48) hours before the time appointed for holding the EGM (i.e. by 10:00 a.m. on Monday, 29 January 2024) or any adjournment thereof.

(3) For determining the entitlement of the Shareholders to attend and vote at the EGM, the register of members will be closed from Friday, 26 January 2024 to Wednesday, 31 January 2024 (both days inclusive) during which period no transfer of shares will be registered. In order to be eligible for attending and voting at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 25 January 2024.

(4) Completion and return of the form of a proxy shall not preclude a member of the Company from attending and voting at the EGM or any adjournment thereof.

(5) In the case of joint holders of Shares, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such Shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the meeting in person or by proxy, that one of the said persons so present whose names stands first on the register of members of the Company in respect of such Share shall alone be entitled to vote in respect thereof.

(6) If Typhoon Signal No. 8 or above, or a "black" rainstorm warning or "extreme conditions" announced by the Government of Hong Kong is/are in effect any time after 10:00 a.m. on the date of the EGM, the meeting will be postponed. The Company will publish an announcement on the website of the Company at www.ehousechina.com and on the website of the Stock Exchange at www.hkexnews.hk to notify Shareholders of the date, time and venue of the rescheduled meeting.

(7) In case of discrepancy between the English version and the Chinese version of this notice of the EGM, the English version shall prevail.

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, Mr. Song Jiajun and Mr. Chen Daiping as non-executive Directors, and Mr. Zhang Bang, Mr. Zhu Hongchao, Mr. Wang Liqun and Mr. Li Jin as independent non-executive Directors.