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

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)

(1) VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF EQUITY INTERESTS IN TM HOME (2) SPECIAL DEAL 2 AND (3) SPECIAL DEAL 3

BACKGROUND OF THE RESTRUCTURING AND THE DISPOSAL

References are made to the RSA (CB) Announcement and the Connected Transaction Circular, in relation to, among other things, the agreement between the Company and the TM Home Minority Shareholder pursuant to which the Company has agreed to, among other things, (i) cause TM Home to issue the First Subscription Shares on the date of the First SSA Completion and the Second Subscription Shares on the date of the Second SSA Completion, and (ii) subscribe for, the First Subscription Shares and the Second Subscription Shares upon the terms and subject to the conditions set out in the Share Subscription Agreement. Upon completion of the Second TM Home Share Issuance, the Company and the TM Home Minority Shareholder will hold approximately 99.212% and 0.788%, respectively, of the issued share capital of TM Home. The Second TM Home Share Issuance shall take place on the Restructuring Effective Date, and immediately prior to the issuance of the CB Allocation to the CB Shareholder under the Restructuring. Transactions contemplated under the Share Subscription Agreement were approved by the independent Shareholders at the extraordinary general meeting of the Company held on 27 July 2023. Following the completion of the First TM Home Share Issuance on 15 August 2023, the Company and the TM Home Minority Shareholder hold approximately 89.207% and 10.793%, respectively, of the issued share capital of TM Home as of the date of this announcement.

Reference is also made to the RSA Announcement. As disclosed in the RSA Announcement, as part of the Restructuring, 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 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;

(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 (i.e., the Management SPV).

The overall principle of the Restructuring is to give the Scheme Creditors a combination of cash and a controlling equity interest in TM Home, an entity that will, upon completion of the Restructuring, (a) hold and operate the Company's two lines of business, being (i) the real estate data and consulting services business currently operated under CRIC and (ii) the online real estate marketing service business in partnership with Tmall Network, and (b) hold a controlling stake in Leju, 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 while the Company's real estate brokerage network services conducted under the "Fangyou" brand name will continue to be operated by the Company.

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 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). 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.

As further announced by the Company on 28 November 2023, (i) by an order made at the hearing held on 23 November 2023 (Hong Kong time), the High Court sanctioned the HK Scheme; (ii) by an order made at the hearing held on 24 November 2023 (Cayman Islands time), the Cayman Court sanctioned the Cayman Scheme; and (iii) all of the Scheme Conditions have been satisfied and the Scheme Effective Date occurred on 28 November 2023 (Hong Kong time) in respect of the HK Scheme and 27 November 2023 (Cayman Islands time) in respect of the Cayman Scheme. Each of the HK Scheme and the Cayman Scheme has therefore become effective in accordance with its terms.

LISTING RULES IMPLICATIONS

The Disposal constitutes a deemed disposal pursuant to Rule 14.29 of the Listing Rules. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company pursuant to Rule 14.06(4) of the Listing Rules and is therefore subject to notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules. In addition, the Disposal is conditional upon the relevant courts sanctioning the New Schemes. The Board (other than the members of the Takeovers Code IBC whose views will be set out in the Rights Issue Circular and the circular to be published by the Company in relation to, among others, the Disposal, the Special Deal 2 and the Special Deal 3) considers that the terms of the Disposal, which are made on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

To the best knowledge of the Directors, as of the date of this announcement, (1) Taobao China is a holder of 145,588,000 Shares, representing approximately 8.324% of the total issued share capital of the Company as of the date of this announcement; and (2) the CB Holder, the TM Home Minority Shareholder and Taobao China are all wholly-owned subsidiaries of Alibaba Holding. As such, Taobao China, being an associate of the CB Holder and TM Home Minority Shareholder, is required to abstain from voting on the resolution(s) to be passed at the Disposal EGM pursuant to Rule 14.46 of the Listing Rules.

TAKEOVERS CODE IMPLICATIONS, APPLICATION FOR WHITEWASH WAIVER AND SPECIAL DEALS

Reference is made to the Rights Issue Announcement and the Rights Issue Circular. As disclosed in the Rights Issue Circular, Mr. Zhou Xin and parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace) were 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 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 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 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 Rights Issue 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 Rights Issue 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 Special Deals and the transactions contemplated thereunder, and/or the Whitewash Waiver shall abstain from voting on the relevant resolution(s) at the Rights Issue EGM and the Disposal EGM.

As further stated in the Rights Issue Circular, Taobao China was interested in 145,588,000 Shares (representing approximately 8.324% of the issued share capital of the Company as disclosed in the Rights Issue Circular) 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 for the purposes of the Rights Issue Circular and save as disclosed above, the Company was 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 (i.e., the 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 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 (i.e., the 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., the Special Deal 3), 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 is in the process of seeking the Executive's consent 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 Rights Issue 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. 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.

THE TAKEOVERS CODE IBC AND THE INDEPENDENT FINANCIAL ADVISER

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 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.

GENERAL

The Disposal EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Disposal, the Special Deal 2 and the Special Deal 3. A circular containing, among other things, (i) the information of the Disposal, (ii) financial information of the Group, (iii) financial information of TM Home and its subsidiaries upon completion of the Disposal, (iv) unaudited pro forma financial information of the Group upon completion of the Disposal, (v) valuation reports of TM Home and CRIC, (vi) letters from Zhonghui Anda 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 (vii) 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, is expected to be despatched to the Shareholders on or before 16 January 2024 as additional time is required for the preparation of the relevant information to be included in the circular.

WARNING OF THE RISKS OF DEALING IN THE SHARES

Shareholders and potential investors of the Company should note that the Disposal is conditional upon (1) the relevant courts sanctioning the New Schemes, (2) the Independent Shareholders' approval to be obtained at the Disposal EGM and the Rights Issue EGM, and (3) the Executive granting its consent to the Special Deals pursuant to Rule 25 of the Takeovers Code as the Disposal forms part of the Restructuring Consideration to be paid to the Scheme Creditors. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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

References are made to the RSA (CB) Announcement, the RSA Announcement, the Rights Issue Announcement, the Connected Transaction Circular and the Rights Issue Circular.

(1) VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF EQUITY INTERESTS IN TM HOME

BACKGROUND OF THE RESTRUCTURING AND THE DISPOSAL

TM Home Issuance

As disclosed in the RSA (CB) Announcement and the Connected Transaction Circular, in relation to, among other things, the Share Subscription Agreement between the Company and the TM Home Minority Shareholder, the Company has agreed to, among other things, (i) cause TM Home to issue the First Subscription Shares on the date of the First SSA Completion and the Second Subscription Shares on the date of the Second SSA Completion, and (ii) subscribe for, the First Subscription Shares and the Second Subscription Shares upon the terms and subject to the conditions set out in the Share Subscription Agreement. Following the completion of the First TM Home Share Issuance on 15 August 2023, the Company and the TM Home Minority Shareholder hold approximately 89.207% and 10.793%, respectively, of the issued share capital of TM Home as of the date of this announcement.

Upon completion of the Second TM Home Share Issuance, the Company and the TM Home Minority Shareholder will hold approximately 99.212% and 0.788%, respectively, of the issued share capital of TM Home. The Second TM Home Share Issuance shall take place on the Restructuring Effective Date, and immediately prior to the issuance of the CB Allocation to the CB Shareholder under the Restructuring. Transactions contemplated under the Share Subscription Agreement were approved by the independent Shareholders at the extraordinary general meeting of the Company held on 27 July 2023.

New Schemes

As disclosed in the RSA Announcement, as part of the Restructuring, 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 (the "**Creditor SPV Allocation**") and the CB Shareholder (the "**CB Allocation**"), pro rata by reference to the proportion of the aggregate Scheme Creditor Claim held by the holders of the Old Notes and the CB Holder, respectively, at the Record Time, such that after such issuance, an aggregate 65% equity interest in the share capital of TM Home (the "**TM Home Shares**") will be held collectively by Creditor SPV, the CB Shareholder and the TM Home Minority Shareholder. Following such issuance, Creditor SPV will hold approximately 54.207%, and the CB Shareholder and the TM Home Minority Shareholder will collectively hold approximately 10.793%, respectively, of the shares of TM Home. The remaining 35% of the shares of TM Home will be held by the Company and its affiliates, of which 15% will be transferred to a special purpose vehicle held by the members of senior management of TM Home appointed by the Company (i.e., the Management SPV) (the "**Disposal**").

The overall principle of the Restructuring is to give the Scheme Creditors a combination of cash and a controlling equity interest in TM Home, an entity that will, upon completion of the Restructuring, (a) hold and operate the Company's two lines of business, being (i) the real estate data and consulting services business currently operated under CRIC and (ii) the online real estate marketing service business in partnership with Tmall Network, and (b) hold a controlling stake in Leju, 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 while the Company's real estate brokerage network services conducted under the "Fangyou" brand name will continue to be operated by the Company.

As separately announced in the Notice of Scheme Meetings Announcement, by 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 the HK Scheme Convening Order, the High Court 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). 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.

As further announced by the Company on 28 November 2023, (i) by an order made at the hearing held on 23 November 2023 (Hong Kong time), the High Court sanctioned the HK Scheme; (ii) by an order made at the hearing held on 24 November 2023 (Cayman Islands time), the Cayman Court sanctioned the Cayman Scheme; and (iii) all of the Scheme Conditions have been satisfied and the Scheme Effective Date occurred on 28 November 2023 (Hong Kong time) in respect of the HK Scheme and 27 November 2023 (Cayman Islands time) in respect of the Cayman Scheme. Each of the HK Scheme and the Cayman Scheme has therefore become effective in accordance with its terms.

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 announcement, 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.

Prior to the Restructuring Effective Date, the Company will incorporate Creditor SPV, an entity to be owned by holders of the Old Notes on the Restructuring Effective Date, for the purpose of implementing the New Schemes. On the Restructuring Effective Date, each Scheme Creditor holding the Old Notes will be entitled to receive shares in Creditor SPV. The shares in Creditor SPV will be allocated pro rata by reference to the Scheme Creditor Claim that each such Scheme Creditor held at the Record Time. On the Restructuring Effective Date, 100% of the shares of Creditor SPV will be transferred to the Scheme Creditors holding the Old Notes. On the Restructuring Effective Date, the Company will cause TM Home to issue new TM Home Shares to Creditor SPV and the CB 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 15% will be transferred to Management SPV.

In order to ensure that the Company can continue to operate the business of TM Home pursuant to the New BCA, on or prior to the Restructuring Effective Date, the Company, Management SPV, Creditor SPV, the TM Home Minority Shareholder, the CB Shareholder and TM Home will enter into a shareholders' agreement in relation to TM Home (the "**TM Home Shareholders' Agreement**"). Subsequent to the Disposal, the Company will continue to operate TM Home up to 31 August 2024 under the TM Home Shareholders' Agreement despite only holding 20% equity interest in TM Home.

As part of the Restructuring, Creditor SPV and the TM Home Minority Shareholder and/or the CB Shareholder will agree to appoint the Company as an agent, and the Company will undertake to use reasonable endeavors to sell or procure the sale, in each case for cash, of (including by way of auction) not less than 65% of the shares of, or assets held by, TM Home on or prior to 31 August 2024 (the "**Share Sale**"). Any such proposed sale will be subject to the restrictions set out in the TM Home Shareholders' Agreement. The appointment will not in any way affect the ability of Creditor SPV, the TM Home Minority Shareholder or the CB Shareholder to sell their shares in TM Home subject to the terms of the TM Home Shareholders' Agreement, and Creditor SPV, the TM Home Minority Shareholder and the CB Shareholder will have discretion as to whether or not to participate in such Share Sale subject to their review of the terms and conditions of the Share Sale. The terms of such appointment will be documented in a share sale representation agreement to be agreed upon and entered into on or prior to the Restructuring Effective Date.

Creditor SPV has no obligation to dispose of its interest in TM Home. If the Company is unable to sell or procure the Share Sale, TM Home will continue to be held by Creditor SPV, the TM Home Minority Shareholder, Management SPV and the Company. Creditor SPV and the TM Home Minority Shareholder may also sell their shares in TM Home, subject to the terms of the TM Home Shareholders' Agreement at any time. Under the TM Home Shareholders' Agreement, if any shareholder of TM Home proposes to transfer any shares of TM Home or other securities of TM Home to any person (the "**Transferee**"), the transferring shareholder must first give notice in writing to each other shareholder of TM Home which is not an affiliate of the Transferee and the other shareholders will have a right of first refusal in respect of any such transfer, subject to certain limited exceptions.

The Disposal is conditional upon (1) the relevant courts sanctioning the New Schemes, (2) the Independent Shareholders' approval to be obtained at the Disposal EGM and the Rights Issue EGM, and (3) the Executive granting its consent to the Special Deals pursuant to Rule 25 of the Takeovers Code as the Disposal forms part of the Restructuring Consideration to be paid to the Scheme Creditors. For the avoidance of doubt, while the First TM Home Share Issuance and the Second TM Home Share Issuance are the first and essential steps of the Restructuring, the Share Subscription Agreement is neither conditional nor inter-conditional on the Rights Issue (as defined below) or the Disposal.

The Rights Issue

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

Expected Sequence of the Restructuring Events

As announced in the Company's announcement dated 1 August 2023 in relation to the update on the Company's Invitation for Irrevocable Restructuring Support, the Company has received the support from approximately 82.40% of the Scheme Creditors for the Restructuring and has filed a summons for directions and petition in relation to commencing the Cayman Scheme with the Cayman Court on 1 August 2023 (31 July 2023 Cayman Islands time) and an originating summons in relation to commencing the HK Scheme with the High Court on 31 July 2023. As separately announced in the Notice of Scheme Meetings Announcement, by 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 the HK Scheme Convening Order, the High Court 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). 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.

As further announced by the Company on 28 November 2023, (i) by an order made at the hearing held on 23 November 2023 (Hong Kong time), the High Court sanctioned the HK Scheme; (ii) by an order made at the hearing held on 24 November 2023 (Cayman Islands time), the Cayman Court sanctioned the Cayman Scheme; and (iii) all of the Scheme Conditions have been satisfied and the Scheme Effective Date occurred on 28 November 2023 (Hong Kong time) in respect of the HK Scheme and 27 November 2023 (Cayman Islands time) in respect of the Cayman Scheme. Each of the HK Scheme and the Cayman Scheme has therefore become effective in accordance with its terms.

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

(i) Since all the conditions to the First TM Home Share Issuance were satisfied, the First TM Home Share Issuance took place on 15 August 2023. The First TM Home Share Issuance was not conditional upon the petitioning to the relevant courts for the New Schemes. Transactions contemplated under the Share Subscription Agreement were approved by the independent Shareholders at the extraordinary general meeting of the Company held on 27 July 2023.

(ii) The Rights Issue is conditional upon, among others, (a) the Company having obtained the approval for the Cayman Scheme by the Scheme Creditors at the Cayman Scheme Meetings convened to consider the Cayman Scheme, (b) the Company having obtained the approval for the HK Scheme by the Scheme Creditors at the HK Scheme Meetings convened to consider the HK Scheme, and (c) the Company having obtained the Shareholders' approval for (1) the TM Home Share Issuance at a general meeting of the Shareholders, and (2) the Disposal and the Rights Issue at one or more general meeting(s) of the Shareholders. Assuming that (i) the Company is able to obtain (a) the approval for the Cayman Scheme by the Scheme Creditors at the Cayman Scheme Meetings convened to consider the Cayman Scheme, (b) the approval for the HK Scheme by the Scheme Creditors at the HK Scheme Meetings convened to consider the HK Scheme, (c) the Shareholders' approval for all transactions in relation to the New Schemes that require shareholders' approval in accordance with the Listing Rules and the Takeovers Code and (ii) all conditions under the Underwriting Agreement and the Placing Agreements have been satisfied, the Company expects the Rights Issue to take place after the Cayman Scheme Meetings and the HK Scheme Meetings but before the Restructuring Effective Date. The Rights Issue will be completed prior to the completion of the Second TM Home Share Issuance and the Disposal. In the event that the conditions under the Underwriting Agreement and the Placing Agreements in connection with the Rights Issue are not satisfied or waived (as the case may be), the Company will consider using other means to raise funds to fulfill the Cash Consideration under the New Schemes.

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

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

Consideration

The Company will not receive any cash consideration for the Disposal. As the Disposal forms an essential part of the Restructuring and the New Schemes, the Board (other than the members of the Takeovers Code IBC whose views will be set out in the Rights Issue Circular and the circular to be published by the Company in relation to, among others, the Disposal, the Special Deal 2 and the Special Deal 3) considers that the above arrangement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

VALUATION

The Company has engaged ValueLink Management Consultants Limited, a registered valuer in the PRC, to conduct valuation on the subject entities of the Disposal. For the purpose of the valuation, the Valuer produced two separate valuation reports in relation to the Valuation of TM Home (as defined below) and the Valuation of CRIC (as defined below) (the "**Valuation Reports**"), given that the two businesses are separately operated and have limited synergies. For details of the Valuation Reports, please refer to Appendix V and Appendix VI to this announcement.

Valuation of TM Home

According to the Valuation Report of TM Home, the fair value of the entire equity interest in TM Home as of 31 July 2023, prepared based on the income approach, amounts to RMB1,860.2 million (the "**Valuation of TM Home**"). In addition, as stated in the Valuation Report of TM Home, based on TM Home's financial performance, the management's future estimation and the market data of comparable companies, the Valuer considers that the value of TM Home as at 10 December 2023 for assessing the value of TM Home would not be materially different from the Valuation of TM Home as of 31 July 2023 and the difference would be within 5%. The subjects of the valuation of TM Home include, (a) the online real estate marketing service business in partnership with Tmall Network, and (b) the controlling stake in Leju, which is a leading online-to-offline real estate services provider in China and principally engaged in offering real estate e-commerce, online advertising, and online listing services through its online platform. The Valuation of TM Home did not take into account the value of each of (i) CRIC, the valuation of which has been separately conducted, and (ii) the Company's real estate brokerage network services conducted under the "Fangyou" brand name, which will be retained by the Group by being transferred to the PRC Holdco before the completion of the Disposal and will not form part of the subject entities of the Disposal. In this respect, the Valuation of TM Home constitutes a profit forecast for the purpose of Rule 14.61 of the Listing Rules and Rule 10 of the Takeovers Code (the "**Profit Forecast**") and, accordingly, the requirements under Rules 14.60A and 14.62 of the Listing Rules as well as Rule 10 of the Takeovers Code are applicable to the Disposal.

For the purpose of complying with Rule 14.62 of the Listing Rules, the principal assumptions upon which the Profit Forecast is based are as follows:

1. The analysis assumes that during the current and future existence of TM Home, there will be no material changes in the relevant laws and regulations, industry policies, fiscal and monetary policies, and the economic environment in which it is located.

2. The analysis assumes that the tax policy applicable to TM Home will not undergo material changes, and TM Home has no major tax disputes.

3. The analysis assumes that there will be no material changes in the currently available interest rates and exchange rates.

4. The analysis assumes that TM Home will continue to operate in the future and has sufficient operating capital and human resources to achieve its financial forecast.

5. The analysis assumes that the capital expenditures expected by management can meet the growth needs of TM Home, and TM Home has the ability to obtain the necessary financing.

6. The analysis assumes that the financial projections provided by the Company are reasonable and feasible from the perspective of market investors.

7. The analysis assumes that all related party transactions are fair and reasonable, and are based on arm's length negotiation.

8. The analysis assumes that TM Home has no undisclosed actual or contingent assets or liabilities, unusual obligations or substantive undertaking, and no litigation pending or threatened that would materially affect the value of TM Home's shareholders' equity.

9. The analysis assumes that TM Home has responsibly performed its obligations as an asset owner and has competently undertaken effective management of the relevant assets.

10. In addition to the information provided by the Company, it is assumed that there is no other important information that affects the analysis of TM Home.

In respect of the above assumption numbered 6, based on the Valuer's research, analysis and discussion with the Company's management regarding the bases and assumptions as well as the parameters applied in the profit forecast, the Valuer is of the view that the Company's basis of preparation of TM Home's financial forecast is reasonable and the projection represents the best estimate of economic conditions and TM Home's operations as of 31 July 2023. The Valuer confirmed that (i) it has relied to a considerable extent on the projections by the Company in arriving at its opinion of value, (ii) it has no reason to believe that any material information has been withheld from itself, and (iii) it had no reason to doubt the truth and accuracy of the information provided to itself by the Company.

The Board has reviewed the principal assumptions upon which the Profit Forecast was based and is of the view that the Profit Forecast was made after due care and enquiry. Zhonghui Anda CPA Limited ("**Zhonghui Anda**"), the reporting accountant of the Company, has also examined the calculations of the discounted cash flows on which the Valuation of TM Home prepared by the Valuer, which do not involve the adoption of accounting policies in its preparation. A letter from the Board and a letter from Zhonghui Anda (the "**Auditor's Letter**") are included in Appendix I and Appendix II to this announcement, respectively, for the purpose of Rules 14.62(2) and 14.62(3) of the Listing Rules.

The following is the qualification of the experts who have given their opinion and advice included in this announcement:

Names	**Qualifications**
ValueLink Management Consultants Limited	Registered Valuer in the PRC
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

As of the date of this announcement, each of the Valuer, Zhonghui Anda and the Independent Financial Adviser does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group. Each of the Valuer, Zhonghui Anda and the Independent Financial Adviser has given and has not withdrawn its consent to the publication of this announcement with the inclusion of its report and all references to its name in the form and context in which it appears in this announcement.

In addition, pursuant to Rule 10 of the Takeovers Code, each of (i) the unaudited financial figures relating to TM Home for the two financial years ended 31 December 2021 and 2022 and six months ended 30 June 2023 as set out in the paragraph headed "Information on the Parties – TM Home" in this announcement and Appendix V headed "Valuation Report of TM Home" to this announcement, as the case may be, as well as the unaudited financial figures relating to CRIC for the six months ended 30 June 2023 as set out in Appendix VI headed "Valuation Report of CRIC" to this announcement; (ii) the gain expected to accrue to the Company as a result of the Disposal; and (iii) the adoption of the income approach (i.e., discounted cash flow method covering the period August 2023 to December 2030) on which the Valuation of TM Home is based constitutes a profit forecast and should be reported on by the Independent Financial Adviser and Zhonghui Anda in accordance with note 1(c) to Rules 10.1 and 10.2 of the Takeovers Code. The unaudited loss figures of TM Home, the gain expected to accrue to the Company as a result of the Disposal and the adoption of the income approach (i.e., discounted cash flow method) on which the Valuation of TM Home is based have been reported on in compliance with the requirements of Rule 10 of the Takeovers Code. Letters from Zhonghui Anda and a letter from the Independent Financial Adviser (the "**IFA's Letter**") are included in Appendix II, Appendix III and Appendix IV to this announcement, respectively, for the purpose of Rule 10 of the Takeovers Code.

Valuation of CRIC

According to the Valuation Report of CRIC, the fair value of the entire equity interest in CRIC as of 31 July 2023, prepared based on the market approach, amounts to RMB1,327.0 million (the "**Valuation of CRIC**"). Prior to the completion of the Disposal, the Company is expected to undergo an internal reorganization, in which CRIC will become a subsidiary of TM Home. In addition, as stated in the Valuation Report of CRIC, based on CRIC's financial performance and the market data of comparable companies, the Valuer considers that the value of CRIC as at 10 December 2023 for assessing the value of CRIC would not be materially different from the Valuation of CRIC as of 31 July 2023 and the difference would be within 5%.

Pursuant to the requirements of Rule 11.1(b) of the Takeovers Code, the Independent Financial Adviser is required to report on the Valuation Reports. Please refer to the IFA's Letter for details.

INFORMATION ON THE PARTIES

The Group

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 date of this announcement. Upon the completion of the Restructuring and the Disposal, the Remaining 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.

Financial impacts of the Disposal

For illustrative purposes, set out below is the unaudited pro forma financial information of the Remaining Group for the financial year ended or as of 31 December 2022 (assuming the Disposal had completed on 1 January 2022), and the six months ended or as of 30 June 2023 (assuming the Disposal had completed on 30 June 2023):

	For the six months ended or as of 30 June 2023	For the year ended or as of 31 December 2022
	RMB'000 (unaudited)	
Revenue	**1,086,332**	2,269,747
Net gain before tax (including gain on the Disposal)	**5,431,726**	1,460,493
Net gain after tax (including gain on the Disposal)	**5,459,900**	1,425,433

For the year ended 31 December 2022 and the six months ended 30 June 2023, the total revenue generated from the Remaining Businesses was approximately RMB2,269.7 million and RMB1,086.3 million (excluding inter-segment sales), representing approximately 45% and 47% of the Group's revenue for the corresponding periods, respectively. Further, based on the unaudited pro forma financial information of the Remaining Group, the revenue attributable to the Remaining Group for the year ended 31 December 2022 would allow the Remaining Group to meet the requirements for revenue for the last audited financial year under the market capitalisation/revenue test and the market capitalisation/revenue/cash flow test pursuant to Rule 8.05 of the Listing Rules.

An existing team of high-caliber and experienced management and staff

The Group has the advantage of having an existing team of high-caliber and experienced management and staff in the fields in which the Remaining Businesses are being operated. As of the date of this announcement, the Remaining Group, had more than 3,000 employees, serving the operations of its business units, as well as the supporting departments including finance, compliance, information technology and human resources, and others. In the long run, the Remaining Group plans to focus on capturing business opportunities in the real estate market in the PRC by providing high-quality real estate agency services in the primary market and real estate brokerage network services.

Business environment becoming more favourable for operation

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 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.

Taking into account the above and based on the information currently available, the Board believes that following the Restructuring and the Disposal, the Remaining Businesses will allow the Remaining Group to meet the requirements of Rule 13.24 of the Listing Rules in respect of sufficiency of operations and assets. The Company confirms that, as of the date of this announcement, it has no intention to dispose or downsize the Remaining Businesses in the near future after the Restructuring Effective Date.

Creditor SPV

As of the date of this announcement, Creditor SPV has not been established. As mentioned above, prior to the Restructuring Effective Date, the Company will establish Creditor SPV for the purpose of implementing the Restructuring. 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 as a proportion to the Scheme Creditors' Claims of such Scheme Creditors. On the Restructuring Effective Date, 100% of the shares of the Creditor SPV will be transferred to the Scheme Creditors holding the Old Notes.

TM Home

TM Home was incorporated on 29 January 2021 for the purpose of developing the Tmall Haofang online real estate marketing and transaction platform through TM Home WFOE.

TM Home was jointly established by the Group and the TM Home Minority Shareholder with a paid up share capital of US$1,500,000. Transactions contemplated under the Share Subscription Agreement were approved by the independent Shareholders at the extraordinary general meeting of the Company held on 27 July 2023. Following the completion of the First TM Home Share Issuance on 15 August 2023, the Company and the TM Home Minority Shareholder hold approximately 89.207% and 10.793%, respectively, of the issued share capital of TM Home as of the date of this announcement. Upon completion of the Second TM Home Share Issuance, the Company and the TM Home Minority Shareholder will hold approximately 99.212% and 0.788%, respectively, of the issued share capital of TM Home. The Second TM Home Share Issuance shall take place on the Restructuring Effective Date, and immediately prior to the issuance of the CB Allocation to the CB Shareholder under the Restructuring. Upon the completion of the Disposal, TM Home will no longer be a subsidiary of the Company.

TM Home is currently engaged in the businesses of online real estate marketing and transaction platform operation.

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

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

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

Financial information of the entities subject to the potential Disposal

As stated above, 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. TM Home will not operate or hold the Company's real estate brokerage network services conducted under the "Fangyou" brand name, which will continue to be operated by the Company after the Restructuring.

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

	For the year ended 31 December 2022	For the year ended 31 December 2021
	RMB'000 (unaudited)	
Revenue	**2,902,017**	4,340,938
Net Loss before tax	**(1,212,907)**	(1,269,737)
Net Loss after tax	**(1,138,857)**	(1,156,768)

Based on the unaudited combined financial information of the TM Home Group upon completion of the Restructuring, (i) the net asset value of the TM Home Group upon completion of the Restructuring was approximately RMB592 million and RMB984 million as of 31 December 2021 and 2022, respectively, and (ii) the TM Home Group upon completion of the Restructuring had total assets of approximately RMB4,484 million and RMB2,726 million as of 31 December 2021 and 2022, respectively. The foregoing unaudited combined financial information of the TM Home Group upon completion of the Restructuring is for illustrative purposes and for Shareholders' reference only.

FINANCIAL EFFECT OF THE DISPOSAL

It is expected that the Group will record a disposal gain of approximately RMB6,333,157,000 (equivalent to approximately HK$7,156,474,000) from the Disposal assuming the Disposal had completed on 30 June 2023.

The disposal gain of RMB6,333,157,000 was calculated as follows:

		RMB '000
(a)	Derecognition of the carrying amounts of Old Notes and the Convertible Note and the accrued interests	5,803,003
(b)	Recognition of retained equity interests of the Disposal Group at fair value as at 31 July 2023	1,115,537
	LESS	
(c)	Cash Consideration	(349,550)
(d)	Derecognition of carrying amounts of assets and liabilities of the Disposal Group	(60,383)
(e)	Transaction costs	(82,894)
(f)	Estimated tax expense in connection with the Disposal	(92,556)
	Total	**6,333,157**

The liability of the Company as of 30 June 2023 of approximately RMB5,803,003,000 (equivalent to approximately HK$6,557,399,000) under the Old Notes and the Convertible Note have been taken into account in the calculations of the disposal gain above.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As stated in the RSA (CB) Announcement, the Company was in active discussions with its advisers with the intention to formulate a restructuring plan that appropriately takes into consideration the positions of all stakeholders. As a result, and in order to restructure the Company's debt obligations, including the Old Notes and the Convertible Note, the Company proposes to implement the New Schemes. Through the Disposal, the shares in TM Home will be allotted and issued to the Creditor SPV on the Restructuring Effective Date, in addition to the Cash Consideration payable to the Scheme Creditors, which we believe is an essential step to facilitate the implementation of the New Schemes and the Restructuring.

Taking into account the above information (including the Valuation of TM Home and the Valuation of CRIC), the Board (other than the members of the Takeovers Code IBC whose views will be set out in the Rights Issue Circular and the circular to be published by the Company in relation to, among others, the Disposal, the Special Deal 2 and the Special Deal 3) considers that the terms of the Disposal, which are made on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Disposal constitutes a deemed disposal pursuant to Rule 14.29 of the Listing Rules. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company pursuant to Rule 14.06(4) of the Listing Rules and is therefore subject to notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules. In addition, the Disposal is conditional upon the relevant courts sanctioning the New Schemes. The Board (other than the members of the Takeovers Code IBC whose views will be set out in the Rights Issue Circular and the circular to be published by the Company in relation to, among others, the Disposal, the Special Deal 2 and the Special Deal 3) considers that the terms of the Disposal, which are made on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

To the best knowledge of the Directors, as of the date of this announcement, (1) Taobao China is a holder of 145,588,000 Shares, representing approximately 8.324% of the total issued share capital of the Company as of the date of this announcement; and (2) the CB Holder, the TM Home Minority Shareholder and Taobao China are all wholly-owned subsidiaries of Alibaba Holding. As such, Taobao China, being an associate of the CB Holder and TM Home Minority Shareholder, is required to abstain from voting on the resolution(s) to be passed at the Disposal EGM pursuant to Rule 14.46 of the Listing Rules.

In light of the potential change in control of the Company which may result from the underwriting in respect of the Rights Issue to be undertaken by Mr. Zhou Xin as the Underwriter, the Company has, in relation to the Disposal, applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 14.06E of the Listing Rules (the "**Listing Rules Waiver**") on the following grounds:

(i) Mr. Zhou Xin has been, and will remain as, the single largest Shareholder

There was no change of the single largest Shareholder for the three years ended 31 December 2022 and there will be no change of the single largest Shareholder immediately following completion of the Rights Issue. As at the date of this announcement, Mr. Zhou Xin was 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 of the Company), representing approximately 22.8% of the issued share capital of the Company. Following the completion of the Rights Issue, assuming that Mr. Zhou Xin subscribes for all of the underwritten Shares pursuant to the Rights Issue, Mr. Zhou Xin (and parties acting in concert with him) will be interested in approximately 64.90% of the Company's share capital in issue as enlarged by the Rights Issue. Based on the information currently available to the Company, save for Mr. Zhou Xin and parties acting in concert with him, none of the other Shareholders (a) is interested in more than 10% of the issued share capital of the Company as at the date of this announcement and (b) is expected to be interested in more than 10% of the Company's share capital in issue as enlarged by the Rights Issue. As such, Mr. Zhou Xin has been, and will upon completion of the Rights Issue remain as, the single largest Shareholder.

(ii) The Company is undergoing the Restructuring and has no intention to carry out a reverse takeover

While Mr. Zhou Xin's interest in the Company's issued share capital may constitute a change in control as a result of the underwriting arrangement in relation to the Rights Issue, Mr. Zhou Xin has been, and will remain as, the single largest Shareholder. As such, the potential increase in shareholding in the Company by Mr. Zhou Xin is merely a technical change of control. In addition, the Disposal and the Rights Issue form part of the Restructuring and are commercial measures that the Company considers necessary to salvage itself from the financial difficulties and the Company has no intention to carry out a reverse takeover or in any way attempt to resequence any transaction for the purpose of a reverse takeover by way of the Restructuring.

(iii) Mr. Zhou Xin was the most appropriate and relevant stakeholder to be the underwriter of the Rights Issue

The main purpose of the Rights Issue is to fund the Cash Consideration, which is an integral part of the Restructuring Consideration. 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 and support the Restructuring.

The Stock Exchange has granted the above waiver on the condition that the details of and reasons for such waiver are disclosed in this announcement.

TAKEOVERS CODE IMPLICATIONS, APPLICATION FOR WHITEWASH WAIVER AND SPECIAL DEALS

Reference is made to the Rights Issue Announcement and the Rights Issue Circular. As disclosed in the Rights Issue Circular, Mr. Zhou Xin and parties acting in concert with him (including CRE Corp, E-House (China) Holdings, On Chance and Regal Ace) were 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 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 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 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 Rights Issue 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 Rights Issue 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 Special Deals and the transactions contemplated thereunder, and/or the Whitewash Waiver shall abstain from voting on the relevant resolution(s) at the Rights Issue EGM and the Disposal EGM.

As further stated in the Rights Issue Circular, Taobao China was interested in 145,588,000 Shares (representing approximately 8.324% of the issued share capital of the Company as disclosed in the Rights Issue Circular) 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 for the purposes of the Rights Issue Circular and save as disclosed above, the Company was 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 (i.e., the 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 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 (i.e., the 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., the Special Deal 3), 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 is in the process of seeking the Executive's consent 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 Rights Issue 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. 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.

THE TAKEOVERS CODE IBC AND THE INDEPENDENT FINANCIAL ADVISER

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 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.

GENERAL

The Disposal EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Disposal, the Special Deal 2 and the Special Deal 3. A circular containing, among other things, (i) the information of the Disposal, (ii) financial information of the Group, (iii) financial information of TM Home and its subsidiaries upon completion of the Disposal, (iv) unaudited pro forma financial information of the Group upon completion of the Disposal, (v) valuation reports of TM Home and CRIC, (vi) letters from Zhonghui Anda 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 (vii) 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, is expected to be despatched to the Shareholders on or before 16 January 2024 as additional time is required for the preparation of the relevant information to be included in the circular.

WARNING OF THE RISKS OF DEALING IN THE SHARES

Shareholders and potential investors of the Company should note that the Disposal is conditional upon (1) the relevant courts sanctioning the New Schemes, (2) the Independent Shareholders' approval to be obtained at the Disposal EGM and the Rights Issue EGM, and (3) the Executive granting its consent to the Special Deals pursuant to Rule 25 of the Takeovers Code as the Disposal forms part of the Restructuring Consideration to be paid to the Scheme Creditors. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

"2022 Notes"	means the US$200,000,000 7.625% senior unsecured notes due 2022 issued by the Company (ISIN: XS2066636429, Common Code: 206663642) on 18 October 2019, and the additional US$100,000,000 7.625% senior unsecured notes due 2022 issued by the Company on 14 August 2020, which have been consolidated with the US$200,000,000 7.625% senior unsecured notes due 2022 issued on 18 October 2019

"2023 Notes"	means the US$200,000,000 7.60% senior unsecured notes due 2023 issued by the Company (ISIN: XS2260179762, Common Code: 226017976) on 10 December 2020, and the additional US$100,000,000 7.60% senior unsecured notes due 2023 issued by the Company on 11 June 2021, which have been consolidated with the US$200,000,000 7.60% senior unsecured notes due 2023 issued on 10 December 2020
"Accession Deed"	the accession deed to the Restructuring Support Agreement pursuant to which a person becomes a party as a Consenting Creditor in the form set out in Schedule 3 to the Restructuring Support Agreement and which will in practice be accessed and submitted electronically via https://sites.dfkingltd.com/E-House
"Alibaba China"	Alibaba (China) Network Technology Co., Ltd., a company incorporated under the laws of the PRC and an indirectly wholly-owned subsidiary of Alibaba Holding
"Alibaba Holding"	Alibaba Group Holding Limited, a company incorporated in the Cayman Islands, with its American depositary shares, each representing eight ordinary shares, listed on the New York Stock Exchange (Stock symbol: BABA) and its ordinary shares listed on the Main Board of the Stock Exchange (Stock Code: 9988)
"Board"	the board of Directors
"Business Day(s)"	any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in the City of New York, the People's Republic of China, Hong Kong or Cayman Islands are authorized or required by law or governmental regulation to close
"Cayman Court"	the Grand Court of the Cayman Islands and any court capable of hearing appeals therefrom
"Cayman Scheme"	the scheme of arrangement 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 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
"Chairman"	chairman of the Board
"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
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as applicable in Hong Kong
"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 Transaction Circular"	the Company's circular dated 6 July 2023 in relation to, among other things, the discloseable and connected transaction on the TM Home Share Issuance
"Consenting Creditor"	a person holding a direct or beneficial interest as principal in the Old Notes who has agreed to be bound by the terms of the Restructuring Support Agreement
"Convertible Note"	the HK$1,031,900,000 2.0% convertible note due 4 November 2023 issued by the Company on 4 November 2020, to the CB Holder 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 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
"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 the Disposal, the Special Deal 2 and the Special 3
"Disposal Group"	the entities and businesses to be disposed of by the Group upon completion of the Restructuring, which will consist of TM Home, CRIC, Leju and their respective subsidiaries
"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 the Company's substantial shareholders
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any of his or her delegate(s)
"First SSA Completion"	the completion of the issuance and subscription of the First Subscription Shares pursuant to the Share Subscription Agreement
"First Subscription"	the subscription of the First TM Home Share Issuance at the First SSA Completion pursuant to the Share Subscription Agreement
"First Subscription Shares"	the 50,209,195 new shares to be issued by TM Home on the date of the First SSA Completion pursuant to the Share Subscription Agreement
"First TM Home Share Issuance"	the issuance of the First Subscription Shares on 15 August 2023 pursuant to the Share Subscription Agreement
"Group"	the Company, its subsidiaries and its consolidated affiliated entities held through contractual arrangements from time to time
"High Court"	the High Court of the Hong Kong

"HK Scheme"	the scheme of arrangement proposed to be effected pursuant to sections 673 and 674 of the Companies Ordinance between the Company and the Scheme Creditors for the purpose of implementing the Restructuring, as contemplated under the Restructuring Support Agreement (CB) and the Term Sheet
"HK Scheme Meetings"	collectively, the CB Holder HK Scheme Meeting and the Noteholder HK Scheme Meeting
"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 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, 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
"Invitation for Irrevocable Restructuring Support"	the invitation for Irrevocable Restructuring Support from the Company for the submission from Eligible Holders (as defined in the RSA Announcement) of a duly executed Accession Deed and Restricted Notes Notice to the Restructuring Support Agreement to support the Restructuring of the Company
"Irrevocable Restructuring Support"	the submission from the Eligible Holders (as defined in the RSA Announcement) of a duly executed Accession Deed and Restricted Notes Notice to the Restructuring Support Agreement to support the Restructuring of the Company
"Leju"	Leju Holdings Limited, a company incorporated in the Cayman Islands with limited liability on 20 November 2013 and listed on the NYSE with stock symbol LEJU and is a subsidiary of the Company prior to the completion of the Disposal

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Management SPV"	a special purpose vehicle for the purpose of holding shares in TM Home by certain members of senior management of the Company, none of them being a Shareholder
"Mr. Zhou Xin"	Mr. Zhou Xin, a substantial shareholder, executive Director and Chairman
"New BCA"	the new business transition agreement, dated 2 April 2023, entered into by and among Tmall Network, TM Home WFOE and TM Home in relation to the business operation of TM Home
"New Schemes"	the Cayman Scheme and the HK Scheme
"Note Instrument"	the Note Instrument constituting the Convertible Note convertible into ordinary shares of the Company dated 4 November 2020 entered into by the Company for the benefit of CB Holder as the Noteholder (as defined in the Note Instrument)
"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
"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

“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
“PRC” or “China”	the People’s Republic of China, which, for the purpose of this announcement, excludes, Hong Kong, the Macao Special Administrative Region and Taiwan
“PRC Holdco”	E-House Enterprise (China) Group Co., Ltd. (易居企業(中國)集團有限公司) (formerly known as 易居(中國)企業集團有限公司), a company established in the PRC with limited liability on 3 July 2006, and an indirect wholly-owned subsidiary of the Company
“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
“Remaining Group”	the Company and its subsidiaries after the completion of the Disposal
“Restricted Notes Notice”	a notice substantially in the form set out in Schedule 3 to the Restructuring Support Agreement, which will in practice be accessed and submitted electronically via https://sites.dfkingltd.com/E-House

"Restructuring"	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"	the restructuring support agreement, in relation to the Restructuring, entered into by the Company, the Subsidiary Guarantors and D.F. King Ltd. dated 2 April 2023, and is expected to be acceded to by the Scheme Creditors that are holders of the Old Notes
"Restructuring Support Agreement (CB)"	the restructuring support agreement, dated 2 April 2023, entered into by the Company, the CB Holder and D.F. King Ltd. in relation to the New Schemes
"Rights Issue"	has the meaning ascribed to it in the Rights Issue Circular
"Rights Issue Announcement"	the Company's announcement dated 19 June 2023 in relation to, among other things, the Rights Issue on the basis of twelve (12) rights shares for every ten (10) shares held on the record date
"Rights Issue Circular"	the Company's circular dated 30 November 2023 in relation to, among other things, the Rights Issue, the Whitewash Waiver and the Special Deal 1
"Rights Issue 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
"RSA Announcement"	the Company's announcement dated 3 April 2023 in relation to the Company's invitation for irrevocable restructuring support
"RSA (CB) Announcement"	the Company's announcement dated 3 April 2023 in relation to (i) the Restructuring Support Agreement (CB), (ii) the TM Home Share Issuance and (iii) the New BCA
"Schemes"	the HK Scheme and the Cayman Scheme
"Scheme Creditor Claim(s)"	has the meaning ascribed to it in the RSA Announcement

"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 Conditions"	means each of the conditions precedent to the effectiveness of the Schemes, as set out in Clause 5.2 of the Cayman Scheme and Clause 5.2 of HK Scheme, as the case may be
"Scheme Effective Date"	means the first Business Day on which all of the Scheme Conditions have been satisfied
"Second SSA Completion"	the completion of the issuance and subscription of the Second Subscription Shares pursuant to the Share Subscription Agreement
"Second Subscription"	the subscription of the Second TM Home Share Issuance at the Second SSA Completion pursuant to the Share Subscription Agreement
"Second Subscription Shares"	the 1,000,000 new shares to be issued by TM Home on the date of the Second SSA Completion pursuant to the Share Subscription Agreement
"Second TM Home Share Issuance"	the issuance of the Second Subscription Shares on the date of the Second SSA Completion pursuant to the Share Subscription Agreement
"SFC"	the Securities and Futures Commission of Hong Kong
"Share(s)"	ordinary share(s) in the share capital of the Company with a par value of US$0.00001 each
"Share Subscription Agreement"	the share subscription agreement, dated 2 April 2023, entered into by and among the TM Home Minority Shareholder, the Company and TM Home in relation to the First Subscription Shares and Second Subscription Shares
"Shareholders"	the shareholders of the Company
"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
"Subsidiary Guarantors"	certain subsidiaries of the Company which provided unconditional and irrevocable guarantees to secure the Company's obligations under the Old Notes
"Takeovers Code"	the Code on Takeovers and Mergers issued by the Securities and Futures Commission
"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 completion of the Disposal

"TM Home Group"	TM Home and its subsidiaries from time to time
"TM Home Minority Shareholder"	Alibaba Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a directly wholly owned subsidiary of Alibaba Holding
"TM Home Share Issuance"	the issuance by TM Home of the First Subscription Shares through the First TM Home Share Issuance and the Second Subscription Shares through the Second TM Home Share Issuance to the Company pursuant to the Share Subscription Agreement
"TM Home WFOE"	Shanghai TM Home E-Commence Limited (上海天貓好房電子商務有限公司), a company incorporated under the laws of the PRC and an indirectly wholly-owned subsidiary of TM Home (Hong Kong) Limited. TM Home (Hong Kong) Limited is a wholly-owned subsidiary of TM Home, which is in turn 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
"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
"Unsubscribed Rights Shares"	has the meaning ascribed to it in the Rights Issue Circular
"Valuation Report of CRIC"	the valuation report dated 10 December 2023 issued by the Valuer regarding the equity interest in CRIC as of 31 July 2023 which the Valuer considered no material difference as of 10 December 2023, the full text of which is set out in Appendix VI to this announcement
"Valuation Report of TM Home"	the valuation report dated 10 December 2023 issued by the Valuer regarding the equity interest in TM Home (excluding the value of each of (i) CRIC, and (ii) the Company's real estate brokerage network services conducted under the "Fangyou" brand name) as of 31 July 2023 which the Valuer considered no material difference as of 10 December 2023, the full text of which is set out in Appendix V to this announcement

"Valuer"	ValueLink Management Consultants Limited, an independent professional valuer
"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

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

Hong Kong, 11 December 2023

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

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

11 December 2023

The Stock Exchange of Hong Kong Limited
12/F, Two Exchange Square
8 Connaught Place Central
Hong Kong

Dear Sirs,

We refer to the announcement of the Company dated 11 December 2023 (the "**Announcement**") of which this letter forms part. Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

We refer to the valuation report dated 10 December 2023 (the "**Valuation Report**") issued by ValueLink Management Consultants Limited (the "**Valuer**") regarding the equity interest in TM Home as of 31 July 2023 which the Valuer considered no material difference as of 10 December 2023, which constitutes a profit forecast (the "**Profit Forecast**") as defined under Rule 14.61 of the Listing Rules.

We have discussed with the Valuer about different aspects including the bases and assumptions based upon which the Valuation Report has been prepared, and reviewed the Valuation Report for which the Valuer is responsible. We have also considered the letter dated 11 December 2023 from Zhonghui Anda CPA Limited regarding whether the Profit Forecast, so far as the accounting policies and calculations are concerned, has properly complied with the bases and assumptions as set out in the Valuation Report.

Based on the above, pursuant to Rule 14.62(3) of the Listing Rules, we hereby confirm that the Profit Forecast under the Valuation Report has been made after due and careful enquiry of the Board.

Yours faithfully,

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

11 December 2023

The Board of Directors
E-House (China) Enterprise Holdings Limited
11/F, Yinli Building,
383 Guangyan Road,
Jing'an District,
Shanghai 200072, China

Dear Sirs,

We have examined the principal accounting policies adopted in and the calculations of the discounted future cash flows (the "**Forecast**") underlying the valuation (the "**Valuation**") of the business enterprise value of TM Home Limited ("**TM Home**") performed by ValueLink Management Consultants Limited (the "**Valuer**") in respect of the appraisal of the fair value of TM Home as at the reference date of 31 July 2023 in connection with the announcement of E-House (China) Enterprise Holdings Limited (the "**Company**") dated 11 December 2023 (the "**Announcement**"). The Valuation based on the discounted future estimated cash flows for the financial forecast period from August 2023 to December 2030 is regarded as a profit forecast under Rule 10 of The Codes on Takeovers and Mergers and Share Buy-backs and Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Directors' Responsibilities

The directors of the Company are solely responsible for the preparation of the Forecast and the reasonableness and validity of the assumptions based on which the Forecast is prepared (the "**Assumptions**").

The Company's 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 Hong Kong Institute of Certified Public Accountants (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 Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Forecast based on our procedures and to report our opinion solely to you, as a body, solely for the purpose in connection with the Announcement and for no other purpose. We accept no responsibility to any other person in respect of, arising out of, or in connection with our work.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 “Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness” and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company’s directors have properly compiled the Forecast in accordance with the Assumptions adopted by the directors and as to whether the Forecast is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

The Assumptions include hypothetical assumptions about future events and management actions that may or may not necessarily be expected to occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Forecast has been properly compiled in accordance with the Assumptions adopted by the directors as set out in the Announcement and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group.

Yours faithfully,

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Hong Kong

APPENDIX III – LETTER FROM ZHONGHUI ANDA CPA LIMITED FOR THE TAKEOVERS CODE PURPOSES

11 December 2023

The Board of Directors
E-House (China) Enterprise Holdings Limited
11/F, Yinli Building,
383 Guangyan Road,
Jing'an District,
Shanghai 200072, China

Dear Sirs,

We have performed our work on the principal accounting policies adopted and the calculations used in the preparation of (i) the unaudited net loss before tax and net loss after tax of TM Home Limited (the "**TM Home**") and its subsidiaries (collectively referred to as the "**Disposal Group**") for the two years ended 31 December 2022 as set out under the section headed "**Information on the parties – TM Home**", (ii) the unaudited disposal gain as set out under the section headed "**Financial effect of the Disposal**", (iii) the unaudited financial statements of TM Home for the six months ended 30 June 2023 and 8-years (from August 2023 to December 2030) financial forecast of TM Home set out in appendix V, (iv) profit statement of CRIC for the year ended 31 December 2020, 2021 and 2022 and for the six months ended 30 June 2023 set out in appendix VI (the above (i), (ii), (iii) and (iv) collectively referred to as the "**Unaudited Pro Forma Financial Information**") prepared by the directors of E-House (China) Enterprise Holdings Limited (the "**Company**", the Company and its subsidiaries collectively referred to as the "**Group**") for inclusion in the announcement dated 11 December 2023 in connection with the proposed disposal of the 65% equity interests of the Disposal Group by the Group, assuming the Disposal had completed on 31 December 2022. We understand that the Unaudited Pro Forma Financial Information is required to be reported on under Rule 10 of the Hong Kong Code on Takeovers and Mergers. Unless otherwise defined, terms used herein shall have the same meanings as those defined in the announcement of the Company dated 11 December 2023.

Directors' responsibilities

The Unaudited Pro Forma Financial Information has been compiled by the directors of the Company based on the unaudited consolidated management accounts of the Disposal Group prepared by the directors of the Disposal Group. The Unaudited Pro Forma Financial Information was prepared on a basis consistent with the accounting policies adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2022, and the unaudited interim consolidated financial statements of the Group for the six months ended 30 June 2023. This responsibility includes designing, implementing and maintaining internal controls relevant to the selection and application of appropriate accounting policies and the calculations in the preparation of the Unaudited Pro Forma Financial Information that is free from material misstatement; applying appropriate accounting policies adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2022, and the unaudited interim consolidated financial statements of the Group for the six months ended 30 June 2023; and making estimates that are reasonable in the circumstances.

The directors of the Company are solely responsible for the compilation of the Unaudited Pro Forma Financial Information.

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 Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements", 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 Accountants' Responsibilities

It is our responsibility to report, as required by Rule 10 of the Hong Kong Code on Takeovers and Mergers, on whether, so far as the accounting policies and calculations are concerned, the Unaudited Pro Forma Financial Information has been properly compiled in accordance with the bases adopted by the directors of the Company as set out under the paragraph headed "Directors' responsibilities" of this report and has been prepared on a basis consistent, in all material respects, with the accounting policies adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2022, and the unaudited interim consolidated financial statements of the Group for the six months ended 30 June 2023.

We conducted our work in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" ("**HKSAE 3000 (Revised)**") issued by the HKICPA.

Our work consisted primarily of procedures such as a) obtaining an understanding of the basis of preparation; the principal accounting policies adopted; and assessing and considering the reasonableness of underlying assumptions for compiling the Unaudited Pro Forma Financial Information through inquires primarily of persons responsible for financial and accounting matters, b) obtaining an understanding of the internal controls relevant to the selection and application of appropriate accounting policies and the calculations in the preparation of the Unaudited Pro Forma Financial Information, c) comparing the principal accounting policies adopted in the preparation of the Unaudited Pro Forma Financial Information with those adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2022, and the unaudited interim consolidated financial statements of the Group for the six months ended 30 June 2023, d) checking solely the arithmetical calculations and the compilation of the Unaudited Pro Forma Financial Information, and such other procedures that we considered necessary in the circumstances in accordance with HKSAE 3000 (Revised). Our work would not enable us to, and we do not, provide any assurance on the design or operational effectiveness of internal control relating to the preparation of the Unaudited Pro Forma Financial Information.

Our reasonable assurance engagement does not constitute an audit or review conducted in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA. Accordingly, we do not express an audit or review opinion on the Unaudited Pro Forma Financial Information.

Opinion

In our opinion, based on the foregoing, so far as the accounting policies and calculations are concerned, the Unaudited Pro Forma Financial Information has been properly compiled in accordance with the bases adopted by the directors of the Company as set out under the paragraph headed "Directors' responsibilities" of this report and has been prepared on a basis consistent, in all material respects, with the accounting policies adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2022, and the unaudited interim consolidated financial statements of the Group for the six months ended 30 June 2023.

Yours faithfully,

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Hong Kong

Maxa Capital Limited
Unit 1908 Harbour Center,
25 Harbour Road,
Wanchai, Hong Kong
11 December 2023

The Board of Directors
E-House (China) Enterprise Holdings Limited
11/F, Yinli Building, 383 Guangyan Road, Jing'an District
Shanghai 200072, China

Dear Sirs and Mesdames,

Profit Forecast under Rule 10 of The Code on Takeovers and Mergers (the "Takeovers Code") and Rule 14.61 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")

We refer to (i) the unaudited financial figures relating to TM Home for the two financial years ended 31 December 2021 and 2022 and six months ended 30 June 2023 as set out in the paragraph headed "Information on the Parties – TM Home" in the announcement of the Company dated 11 December 2023 (the "**Announcement**") and Appendix V headed "Valuation Report of TM Home" in the Announcement, as the case may be, as well as the unaudited financial figures relating to CRIC for the six months ended 30 June 2023 as set out in Appendix VI headed "Valuation Report of CRIC" in the Announcement pursuant to Rule 14.58(7) of the Listing Rules; (ii) the gain expected to accrue to the Company as a result of the Disposal assuming the Disposal had completed on 31 December 2022; and (iii) the adoption of the income approach (i.e., discounted cash flow method covering the period August 2023 to December 2030) on which the valuation of TM Home is based constitutes profit forecast ((i), (ii) and (iii) collectively "**Profit Forecasts**") under Rule 10 of the Takeovers Code and under Rule 14.61 of the Listing Rules and is required to be reported on (as set out below) by us pursuant to the Takeovers Code and Listing Rules. Unless otherwise specified, capitalised terms used herein shall have the same meaning as those defined in the Announcement.

The unaudited financial figures relating to TM Home for the two financial years ended 31 December 2021 and 2022 and six months ended 30 June 2023 and the unaudited financial figures relating to CRIC for the six months ended 30 June 2023 and the gain expected to accrue to the Company as a result of the Disposal

We have reviewed the calculations and bases upon the unaudited financial figures relating to TM Home for the two financial years ended 31 December 2021 and 2022 and six months ended 30 June 2023, the unaudited financial figures relating to CRIC for the six months ended 30 June 2023 and the gain expected to accrue to the Company as a result of the Disposal assuming the Disposal had completed on 31 December 2022 from ZHONGHUI ANDA CPA Limited (the "**Auditor**"). The Auditor confirmed that those unaudited financial figures were derived from the same set of management accounts (other than those related to the six months ended 30 June 2023) that were provided to them by the Company when they performed the annual audit of the Company for the year ended 31 December 2022. We have also discussed with and understand from the Auditor the unaudited figures derived from the management accounts of TM Home and CRIC were prepared using the same accounting principle adopted by the Company.

The adoption of the income approach of TM Home and the market approach of CRIC

We have reviewed the underlying forecasts of the Valuation Report of TM Home covering the period August 2023 to December 2030 and the valuation of CRIC using market approach, for which the directors of the Company are responsible. We have attended the discussions involving the management of the Company and the Independent Valuer in respect of the bases and assumptions upon which the Profit Forecasts have been made. We have also reviewed the bases and assumptions upon which the Profit Forecasts have been made.

Furthermore, our report on the qualifications and experience of the Independent Valuer to prepare the Valuation Reports of TM Home and CRIC is required under Rule 11.1(b) of the Takeovers Code and this letter also constitutes such report from us. With regards to the Independent Valuer's qualifications and experience, we have conducted reasonable checks to assess the relevant qualification, experience and expertise of the Independent Valuer, including reviewing the supporting documents on the qualification of the Independent Valuer and discussion with the Company and the Independent Valuer on their qualifications and experience.

We have also considered the letter addressed solely to and for the sole benefit of the directors of the Company from the Auditor dated 11 December 2023 regarding the calculations upon which the Profit Forecasts have been made as set out in Appendices II and III to the Announcement.

The Profit Forecasts have been prepared using a set of assumptions that include hypothetical assumptions about future events and other assumptions that may or may not necessarily be expected to occur and, as such, the Profit Forecasts may not be appropriate for purposes other than for deriving the Valuation. Even if the events anticipated under the hypothetical assumptions occur, actual results are still likely to differ from the Profit Forecasts since such anticipated events frequently may or may not occur as expected and the variation may be material.

We have discussed with the Independent Valuer and the management of the Company and reviewed the bases and assumptions they have adopted or considered when preparing the Profit Forecast in associate with the Valuation Report of TM Home. However, we have not independently verified the computations leading to the Independent Valuer's determination of the 100% equity interests of TM Home. We have had no role or involvement and have not provided and will not provide any assessment of the 100% equity interests of TM Home and, accordingly, we take no responsibility and express no views therefor. The assessment, review and discussions carried out by us as described in this letter are based on financial, economic, market and other conditions in effect, and the information made available to us, as of the date of this letter and we have, in arriving at our views, relied on information and materials supplied to us by the Company, the Independent Valuer and the Auditor and opinions expressed by, and representations of, the employees and/or management of the Company, the Independent Valuer and Auditor. We have assumed, without independent verification, that all information, materials and representations so supplied, including all information, materials and representations referred to or contained in the Announcement, for which the directors of the Company are wholly responsible, were true, accurate, complete and not misleading at the time they were supplied or made and that no material fact or information has been omitted from the information and materials supplied. No representation or warranty, expressed or implied, is made by us on the accuracy, truth or completeness of such information, materials, opinions and/or representations referred to or contained in the Announcement, and we have not assumed any responsibility or liability therefor. Circumstances could have developed or could develop in the future that, if known to us at the time of this letter, would have altered our assessment and review.

On the basis of the foregoing, we are satisfied that the Profit Forecasts, for which the directors of the Company are responsible, have been made by the directors of the Company after due care and consideration. We are of the view that the bases and assumptions have been made with due care, consideration, objectivity and on a reasonable basis. We are also satisfied that the Independent Valuer is suitably qualified and experienced with sufficient current knowledge, skills and understanding necessary to undertake the Valuation Report of TM Home and CRIC competently.

The work undertaken by us in giving the above opinion has been undertaken for the purpose of reporting solely to the directors of the Company under Rule 14.62(3) of the Listing Rules and Rule 10.3 of the Takeovers Code and for no other purpose. This letter may not be used or disclosed, referred or communicated (in whole or in part) to any party for any other purpose whatsoever, except with our prior written approval. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

Yours faithfully,
For and on behalf of
Maxa Capital Limited

Michael Fok
Managing Director

E-House (China) Enterprise Holdings Limited

Dear sirs/madams,

1. TRANSMITTAL LETTER

In accordance with the terms, conditions and purposes of the agreement (hereinafter referred to as the "**Agreement**") entered into between E-House (China) Enterprise Holdings Limited ("**E-House**" or the "**Company**") and ValueLink Management Consultants Limited ("**ValueLink**"), the Company appointed us to conduct value analysis on 100% equity interests of TM Home Limited ("**TM Home**" or the "**Target Company**") as of 31 July 2023 (the "**Valuation Date**") for internal reference by the Company.

This report is for the internal reference by the Company only. Without our prior written consent, this report shall not be used in any legal or litigation proceedings, be disseminated or seen in any published publications, announcements or annual reports, or be copied in part or in whole for other purposes. The contents contained in this report are strictly confidential and, to the extent permitted by laws, shall not be disclosed in part or in whole to any third party other than the Company without our prior written consent.

We understand that the Company will conduct independent consideration and assessment before making any business decision and will not solely rely on our report, and the report issued by us will not replace other analysis and investigation work that should be carried out by the client in reaching the business decision. Our report does not include specific purchase and sale recommendations.

To the maximum extent permitted by laws, ValueLink assumes no duty of care for this report and/or any relevant information or explanations (collectively referred to as the "**information**") to any third parties. Correspondingly, to the extent permitted by laws, ValueLink undertakes no obligations (whether based on contracts, infringement (including negligence) or others) for any action taken or omission made by any third parties other than the Company based on the information.

The information we used in this report is derived from various data sources indicated in this report. This report is based on the financial information, the financial forecast provided by the Company and on its behalf and open industrial resources. The Company has undertaken to us that it will assume full responsibilities to the judgments and results of the abovementioned financial information, the financial forecast and relevant key assumptions. Please note that the procedures and enquiries undertaken by us in preparing this report do not include any audit work, nor do they constitute an examination made in accordance with generally accepted auditing standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided to us, except where otherwise stated herein, and no assurance is given.

For the information and materials on which all or part of the value analysis conclusions in this report are based and provided by other parties, we assumed that they are reliable and did not carry out verification. We made no guarantees on the accuracy of such information and materials.

We do not accept any responsibility for the changes in market conditions and have no obligations to modify our report due to events or conditions after the issuing of the report.

Value analysis is not an accurate science in substance. In many cases, the conclusions of value analysis inevitably involve subjective and personal judgments. Although the suggestions expressed by us in the report are arrived based on the methods and conclusions appropriate to this project in our opinion, we cannot guarantee that the value or the range of value in the report will be recognized by other parties.

We are not interested, either presently or expectedly, in the analyzed entity contained in the value analysis report. We are not interested, either presently or expectedly, in relevant concerned parties, and not biased against relevant concerned parties.

Based on the information provided by the Company and the restrictions on our working procedures and the scope of our work as well as relevant basic and particular assumptions, we conducted analysis and estimation on the indicative value of the market value of 100%equity interests in the Target Company as of the Valuation Date by using the income approach and the results were RMB1,860,235,000.

		RMB'000
Enterprise value		**1,360,214**
Add: Surplus assets		
Cash and cash equivalents		755,457
Restricted bank balance		39,962
Operating cash		(205,275)
Other receivables		386,029
Deferred tax assets		393,193
Investment property		2,636
Interests in associates		6,774
Right-of-use assets		36,160
Other non-current assets		8,306
Less: Surplus liabilities		
Other payables		(606,189)
Lease liabilities		(20,472)
Lease liabilities (non-current)		(66,389)
Minority shareholders' interests (Leju)	**44.30%**	(230,171)
Total surplus assets/liabilities		**500,020**
Equity value		**1,860,235**

Based on the Target Company's financial performance, the management's future estimation and the market data of comparable companies, we consider that the value of the Target Company as at 10 December 2023, would not be materially different from the market value of the Target Company as of the Valuation Date and the difference would be within 5%.

We hereby certify that we have neither present nor prospective interests in the Company or the value reported.

Sincerely,

William Chen
ABV, CFA, CPA(US), MBA

On behalf of
ValueLink Management Consultants Limited

Thank you for appointing ValueLink as the valuation consultant of the Company. If you have any suggestions or doubts, please immediately contact Ms. Cindy Liu or Mr. William Chen (Tel.: 861065978211).

2. INTRODUCTION

2.1 Purpose and Subject of Value Analysis

Based on the information provided by the management of E-House (China) Enterprise Holdings Limited ("**E-House**" or the "**Company**"), we understand that the Company will conduct restructuring. As a result, the Company appointed us to conduct value analysis on all shareholders' interests of TM Home Limited ("**TM Home**" or the "**Target Company**") for internal reference by the Company.

The subject of the value analysis is the market value of 100% equity interests of the Target Company as of 31 July 2023 (the "**Valuation Date**").

Note: The scope of 100% equity interests of the Target Company includes a) the online real estate marketing service business in partnership with Tmall Network; b) the controlling interest in Leju, which as a leading real estate O2O integrated services platform serves in three major areas: new houses, second-hand houses and home furnishing, and its business includes e-commerce, online advertising, listing services for second-hand houses and others. For details, please refer to Section 3 Company Overview.

2.2 Valuation Date

As confirmed with the management of the Company, the Valuation Date is 31 July 2023.

2.3 Basis of Value

The basis of value in the value analysis is the "market value".

The market value is defined as "the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

2.4 Valuation Methodology

As TM Home is under rapid expansion and is at early stage as of the Valuation Date, considering the current scale of business and performance, it cannot find comparable companies with identical operation size, risks and stages and the market approach was not applicable. Considering that the management can provide relatively reliable financial forecast and could capture the future earning potential of TM Home, we adopted the income approach as the main method for value analysis.

2.5 Work Procedures

Based on the business agreement, we have completed the following work:

- Learning about the information on the finance and operation of the Target Company based on the information provided to us and our discussions with the management of the Company;

- Obtaining the operating and financial data of the Company as of June 2023;

- Obtaining the operating and financial information of the Target Company provided by the Company, analyzing relevant basic materials and information about the Target Company, including but not limited to the historical operating performance, future strategic frameworks and business plans of the Target Company;

- Discussing with the management of the Company on key matters in the finance and operation and obtaining their explanations to relevant materials;

- Conducting study on the market data of listed companies with same or similar businesses for reference;

- Obtaining the financial forecast of the Company on the Target Company for 2023 to 2030 and learning about the future operation and development plans of the Target Company;

- Estimating the indicative value of the market value of the Target Company by using the income approach; and

- Recording our work procedures, findings and conclusions, major assumptions and restrictions in this report.

We have no reason to believe that any material information has been withheld from us. We had no reason to doubt the truth and accuracy of the information provided to us by the Company.

Based on our research, analysis and discussion with the management regarding the bases and assumptions applied in the profit forecast, we are of the view that the Company's basis of preparation of the Target Company's financial forecast is reasonable, the projection represents the best estimate of economic conditions and the Target Company's operations as of the Valuation Date. We have relied to a considerable extent on the projections by the Company in arriving at our opinion of value.

2.5.1 Limitation of scope

Whilst we have endeavored to collect and analyze relevant financial and operating information of the Target Company related to the value analysis business, we would like to draw your attention to the limitations described hereunder when considering the results of our work:

- Our understanding of the Target Company and its operating conditions is mainly based on the financial information and the financial forecast provided by the management as well as the understanding of the management on the operation strategies and development prospects of the Target Company. We did not conduct any audit or prudent surveys on the truthfulness, accuracy and reliability of the information obtained during the period of this project. We do not accept any responsibility for the accuracy and completeness of the information provided by the Company, nor do we express any opinions on any such information.

- Our work includes interviews, telephone discussions and on-site inquiries with the management as well as limited industrial analysis. As a result, our calculation is based on the materials provided by the Target Company and recognized by the Company.

- Although we have communicated with the Company on key operating and financial matters of the Target Company learnt in the work process, our work cannot replace other matters which may affect the decision-making judgment and may be identified in other professional services (including but not limited to the audit, due diligence and other businesses) to be considered by the Company in making management decisions and judgments.

- The report issued by us will not replace other analysis and investigation work to be implemented in making business decisions by the client. Our report does not include particular purchase and sale suggestions.

- It is the responsibility of the Company to determine the acceptable price and the asset structure for use. For the selection of the acceptable price in any transactions, factors other than the information provided by us shall be considered. Due to changes in the environment of transactions or different perceptions and motives of the buyer and the seller, the actual trading price may be significantly higher or lower than the results of our valuation and calculation.

- We did not conduct audit or other assurance work in accordance with the professional standards issued by the relevant institutes of certified public accountants in carrying out the service. Therefore, we do not provide audit opinions, certifications or other forms of assurance opinions on related services or information we rely on.

- We do not accept any responsibility for any subsequent matters or conditions after the date of the report.

- Our work does not constitute the statutory evaluation business required under the PRC Asset Valuation Standards or the evaluation report required for approval of transactions. Our work is not for the purpose of financial reporting.

- If we are required to further conduct additional work procedures and obtain more materials and information, the results of our value analysis may change.

2.5.2 Work not carried

The scope of our work does not include the following work:

- Financial and tax due diligence;
- Due diligence on legal affairs;
- Review of pricing strategies on transfer;
- Commercial, operational or market due diligence;
- Technology due diligence;
- Statutory evaluation;
- Macroeconomic forecast;
- The external marketplace (market size), segmentation, growth trends, the competitive environment (key competitors, market shares);
- Audit on the financial/taxation information of the Target Company (review on the accounting/taxation principles used in the valuation analysis);
- Consultation on restructuring related to transactions (taxation and/or accounting issues);
- Analysis on the strategic positioning of the Company;
- IT due diligence (if any);
- Consultation on human resources management; and
- Any investment or pricing decisions.

2.6 Source of Information

We relied on the following relevant information provided to us by the management as well as the publicly available information that we gathered through our own research:

- Business registration;
- Unaudited financial statements of TM Home as of 30 June 2023;
- Audited financial statements of Leju for years 2020-2022 as well as the unaudited financial statement as of 30 June 2023;
- Other operational and market information in relation to TM Home;
- 8-year (from August 2023 to December 2030) financial forecasts of TM Home;

- Various explanations provided by the management with regard to the underlying assumptions and financial information associated with the above 8-year financial forecasts through discussions and email correspondences during the course of this engagement;

- The desktop research which utilized information and statistics published by government departments, industry associations, publications, public companies' annual reports;

- Various market information on the comparable companies;

- Various market information extracted from the S&P Capital IQ (a financial data platform that provides detailed research and analysis of the stock market, which was founded in 1999 by S&P Global Inc.) (an American publicly traded corporation which was founded in 1860 and its primary areas of business are financial information and analytics);

- Research reports on China real estate industry and economy in general.

3. COMPANY OVERVIEW

3.1 TM Home Limited

On 1 September 2021, E-House and TM Home Limited entered into an agreement, pursuant to which TM Home Limited will subscribe for the entire equity interest in EH International and 55.7% equity interest in Leju. EH International indirectly holds the 100% equity interest in Tianji Network and Fangyou Business. After the completion of the transaction, E-House will hold 70.23% equity interest in TM Home Limited and Alibaba Investment will hold 29.77% equity interest in TM Home Limited.

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

The Fangyou Business comprises the provision of real estate brokerage network services under the Fangyou brand of integrating small and medium-sized secondary real estate brokerage stores in China.

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

TM Home Limited was incorporated on 28 January 2021 with the purpose to develop the online real estate marketing and transaction platform through Tmall Haofang, its indirectly wholly-owned subsidiary. TM Home Limited (through Tmall Haofang) has the exclusive right to operate the online real estate marketing and transaction platform of Tmall Haofang.

TM Home Limited has developed software system products relating to the Tmall Haofang business, including an online real estate marketing platform and a digital full-link trading platform that connect home buyers, real estate companies, and the upstream and downstream ecosystems of the real estate market. TM Home Limited is also engaged in the research and development of real estate-related financial products.

According to the management of the Company, the Company proposes to terminate the cooperation with Alibaba's Tmall Haofang in the exclusive operation. After the termination, the Target Company proposes to change its name into Tianji Haofang and will continue to carry out online real estate marketing on the platform of Alibaba.

According to the management of the Company, the Company has stripped the Fangyou Business off TM Home Limited.

The scope of the value analysis includes a) the online real estate marketing service business in partnership with Tmall Network; b) the controlling interest in Leju, which as a leading real estate O2O integrated services platform serves in three major areas: new houses, second-hand houses and home furnishing, and its business includes e-commerce, online advertising, listing services for second-hand houses and others; and excludes the Fangyou Business.

3.2 Historical Financial Data

3.2.1 Balance sheet

	Unit: RMB'000
	Unaudited
	30 June 2023
Property and equipment	66,047
Investment properties	2,636
Goodwill	–
Intangible assets	483,111
Interests in associates	6,774
Amounts due from related parties	–
Deferred tax assets	393,193
Other non-current assets	8,306
Right-of-use assets	36,160
Total non-current assets	**996,227**
Accounts and bills receivables	20,968
Other receivables	60,669
Amounts due from related parties	325,360
Restricted bank balances	39,962
Cash and cash equivalents	755,457
Total current assets	**1,202,416**
Accounts payables	294,628
Advance from customers	373,984
Accrued payroll and welfare expenses	58,902
Other payables	85,584
Income tax payables	371,623
Amounts due to related parties	520,604
Lease liabilities	20,472
Total current liabilities	**1,725,800**
Deferred tax liabilities	122,461
Lease liabilities	66,389
Total non-current liabilities	**188,850**
Capital and reserves	–
Paid-up share capitals	10,111
Reserves	129,402
Treasury shares	–
Equity attributable to owners of the Company	139,512
Non-controlling interests	144,481
Total equity	**283,994**

3.2.2 Profit statement

Unit: RMB'000
Unaudited

	1 January 2023 – 30 June 2023
Revenue	1,150,161
Staff costs	(225,676)
Other income	12,283
Other expenses	(801)
Other gains and losses	4,707
Consultancy expenses	(13,155)
Distribution expenses	(8,243)
Advertising and promotion expenses	(1,116,965)
Rental expenses for short-term leases, low-value asset leases and variable leases	(3,054)
Depreciation and amortisation expenses	(69,830)
Loss allowance for financial assets exposed to expected credit losses	24,357
Other expenses	(80,326)
Share of results of associates	69
Finance costs	(3,343)
Income tax fees	29,160
Net profit	**(300,656)**
Minority shareholders' interests	57,695
Net profit-attributable to the parent company	**(242,961)**

4. ECONOMIC OVERVIEW

For the analysis of the overall national economy, it mainly considers the gross domestic product (GDP), the current inflation rate and exchange rate as well as the changes. The overall national economy of China is a key aspect in the value analysis. The following discussions on the economy are abstracted from the Economic and Financial Outlook for the Third Quarter of 2023 issued by the BOC Research Institute.

4.1 Economic Growth

In the first half of 2023, the impact of the COVID-19 pandemic in China has decreased significantly, the pressures of supply shock, demand contraction and weakening expectations have eased. The contribution of domestic demand to economic growth increased. China's GDP grew by 4.5% in the first quarter, stronger than the market expectation. Entering the second quarter, the momentum of economic recovery has slowed down due to weak internal impetus and insufficient demand. GDP growth in the second quarter is estimated to be around 6%, which is higher than the first quarter and is mainly attributable to the relatively low base in the same period last year.

Looking ahead to the second half, China's economic growth will still mainly depend on how well the domestic demand recovers. Driven by policies to promote consumption and accelerated release of service consumption, consumption is expected to maintain a moderate recovery, infrastructure investment will continue to grow rapidly, and investment in high-tech industries will be a support for the growth of manufacturing investment, the real estate market will gradually bottom out. GDP in general is expected to grow by about 4.9% in the third quarter, and by around 5.4% for the year.

4.2 Inflation

Household consumption remained low in the first half, the property market was still at the bottom and exports were weaker than the same period of last year. The PMI of new orders, new export orders and orders on hand in May stood at 48.3%, 47.2% and 46.1%, respectively, maintaining shrinkage for two consecutive months. Production and price were sluggish on the whole due to the insufficient demand. First, industrial productions slowed down, and domestic-demand-related industries showed lackluster performance. The added value of industrial enterprises above a designated size increased by 3.6% year on year from January to May, representing a month-on-month declining trend in the average two-year growth from 2022 to 2023. In terms of structure, on the one hand, the production in upstream industries, such as steel and building materials, slowed down due to the modest property market recovery. The cumulative growth in the added value of ferrous metal ore mining, non-metallic minerals and ferrous metal processing industries in January to May declined by 1.6, 0.8 and 0.5 percentage points, respectively, as compared with that of January to April. On the other hand, the downstream manufacturing of consumer goods suffered because of the weak commodity consumption. From January to May, the added value of agriculture and related industries, textile, furniture and pharmaceutical industries recorded a year-on-year decrease of 1.5%, 3%, 10.3% and 5.4%, respectively. Second, price levels remained low. CPI and PPI in China gained 0.8% and shed 2.6% from January to May, respectively. On the one hand, the year-on-year CPI growth decreased month on month mainly as pork and energy price kept going down. The lifting of travelling restrictions after the pandemic drove the significant price recovery of travel-related services, but the prices of other commodities and services remained low as a result of the slow income recovery. The core CPI recorded a year-on-year increase of 0.7% from January to May, lower than the average growth of 1.9% in the same period from 2017 to 2019. On the other hand, as a result of the downward international oil prices amid fluctuations, the relatively weak market demand for domestic and overseas industrial products and the overall sufficient supply as well as the high base of the previous year, the prices of the upstream mining industry as well as raw materials and industrial products witnessed a year-on-year decrease of 4.6% and 4% from January to May, expanding the decrease in PPI.

4.3 Exchange Rate

In the first half of 2023, the USD-RMB exchange rate surged to around 6.7 before remaining range-bound between 6.8 and 7, followed by a decline to around 7.1 in mid-June, showing a general pattern of two-way fluctuations. As of 20 June 2023, the spot exchange rate of USD against RMB was quoted at 7.17.

Three main factors explain the recent depreciation in RMB. First, the US Dollar Index (DXY) was higher in a short term. DXY rose to about 104 in early June as the US core inflation remained high and the market expectation of US tightening was further elevated. Second, the China-US interest rate spread became more inverted. Since mid-May, the inverted spread between the China 10-year Government Bond yield and the US Treasury 10-year yield widened due to a rising of US Treasury 10-year yield and a falling of China 10-year Government Bond yield. As of 20 June, the spread between the China 10-year Government Bond yield and the US Treasury 10-year yield further expanded from -61 BPs in early May to -109 BPs. Third, the domestic economic recovery remained fragile and the sluggish foreign demand undermined exports, affecting the current account surplus and exchange balance. According to the General Administration of Customs of China (GACC), China's trade surplus in May was US$65.8 billion, down 16% from the same period of 2022. According to the State Administration of Foreign Exchange (SAFE) data, the banks' surplus in forex settlement and sale in May was US$3.3 billion, down 39% from the previous month. The banks' surplus in forex settlement and sale on behalf of customers under the current account fell by US$3.8 billion to US$12.9 billion.

Although the two-way swings of RMB value have widened recently, DXY can hardly remain strong after the Fed released a clear signal at its June FOMC meeting, then the China-US interest rate spread will become less inverted. Second, the domestic economic growth will pick up steadily. With the concerted macro-policy efforts in place, China's economy will keep recovering. The internal growth momentum will continue to improve, the consumer confidence will be further restored and the economic fundamentals will play an increasing role in supporting the foreign exchange market. Third, cross-border capital flows will be generally stable. China's foreign exchange market shows rational and well-ordered trading on both supply and demand sides, and the market resilience has been significantly improved. Exchange rate expectations remain stable, foreign exchange reserves are reasonably abundant and the balance of payments is basically in equilibrium. Fourth, China has a variety of macro policy tools about exchange rate. In May 2023, the China Foreign Exchange Market Steering Committee (CFXC) announced at a meeting that PBOC and SAFE would correct pro-cyclical and one-sided behaviors where necessary to curb speculation. PBOC has a rich policy toolbox for stabilizing the exchange rate, such as "counter-cyclical factors", forex risk reserves and forex reserve requirements, which provides a guarantee for the correction of RMB exchange rate overshoots in the future.

5. INDUSTRY OVERVIEW

According to the Outlook on China's Real Estate Industry released in March 2023 by China Chengxin International Credit Rating Co., Ltd. (CCXI), a leading Chinese credit rating and financial securities consulting service provider, it is summarized as follows:

5.1 Industrial Fundamentals

Due to the impacts of the credit risk accumulation of real estate enterprises, the weak demand, the pandemic prevention and control measures, the suspension or interruption of loans as well as other factors, the year-on-year growth in monthly commodity housing sales has been declining for 17 consecutive months since July 2021. The commodity housing sales reached RMB13.3 trillion throughout 2022 across the whole country, representing a significant decrease of 26.7% year on year. It is noteworthy that since the fourth quarter of 2021, major regulatory authorities have released various policies to support the healthy development of the real estate industry. With the implementation of policies on lowering down payment ratios and interest rates of housing loans and the lifting of restrictions on housing purchase and sale, as well as the guidance of the central bank and the CBIRC on improving the liquidity of premium real estate developers, the decrease in commodity housing sales started to narrow from August 2022. Based on the statistics released by China Index Academy, the year-on-year decrease in total sales of top 100 real estate developers has narrowed to 4.8% in January to February 2023.

In terms of changes in the demand, the statistics of the National Bureau of Statistics showed that the proportion of the group aged 65 and above in the total population increased by less than 0.4% each year from 2008 to 2016 and has increased to 14.9% in 2022. The continuous declining birth rate and the accelerated aging population indicated weaker basic housing needs. As of the end of 2022, China's urbanization rate was nearly 65% and there was still certain room compared with that of 70% to 80% in developed countries. However, the marginal improvement will slow down and the urbanization in China will slow markedly in the future. The basic housing needs cannot support the continuous expansion of the real estate market. In terms of the capability and willingness on housing consumption, despite the significant optimization of policies on the domestic pandemic prevention and control in the end of 2022, the pandemic may affect the labors in certain period and it takes time for the recovery in the growth of residents' disposable income. In addition, due to the continuous financial turmoil of real estate developers, there are uncertainties in the delivery and quality of houses, which makes it difficult for the recovery of residents' willingness in housing purchase. The demand changes also facilitated changes in the sales structure of commodity houses. At the beginning of 2022, there was a remarkable scissors gap between the year-on-year growth in the sales areas of uncompleted and completed houses in China and the gap continuously expanded during the year. CCXI believed that under various external adverse factors, the property sales declined significantly in 2022 and the sales in the industry is undergoing recovery currently.

Under the keynote of policies that "housing is for living in, not for speculation", the regulatory policies on the real estate industry have been increasingly stricter in general since the end of 2016 and growth in the sales price of real estate showed a declining trend. According to the statistics of the National Bureau of Statistics, the growth in the price indices of newly constructed commercial residential buildings in 70 large and medium-sized cities (hereinafter referred to as the "**Housing Price Indices**") continued to decrease from 2017 to 2022, representing a decrease from 10.69% in January 2017 to 1.98% at the end of December 2021. Despite the declining trend in the increase of the Housing Price Indices, it maintained the expectation on the surging housing prices. However, the Housing Price Indices of second-hand and newly constructed residential buildings in the remaining areas except tier-1 cities entered the range of declining and the decrease has continuously expanded since 2022, breaking the expectations on the value preservation and appreciation of assets. In terms of the tiers of cities, tier-1 cities maintained strong price resilience thanks to the scarcity of resources and relatively sufficient demands and maintained a growth trend in three years. Their Housing Price Indices recorded a slight year-on-year increase in 2022 with a price performance significantly better than tier-2 and tier-3 cities. The Housing Price Indices of tier-2 and tier-3 cities both began to decrease in 2022. As the prices in tier-3 cities started to decrease earlier than tier-2 cities with larger decreases, they enjoyed the weakest price support. In terms of inventories, due to the sluggishness of the sales market in 2022, the de-stocking of commodity housing further slowed down and the area of commodity housing for sales surged to 560 million square meters, representing a year-on-year increase of 10.5% and hitting a new high since 2019. CCXI believed that the changes in the real estate market environment further expanded the differentiation of tiers of cities and the trend of surging inventories may continue in the future. The keynote of regulatory policies on the real estate industry and the recovery of the demand and the market will determine the trend of housing prices in the future.

In addition, the changes in the external environment also changed the competitive landscape of the industry. Based on the sales concentration of the top 100 real estate developers, the industrial concentration showed a reverse "V-shaped" trend in the latest real estate cycle. From 2016 to 2020, the intensified competitions in the industry resulted in the surging concentration in the industry. The proportion of the sales of top 100 real estate developers in the total real estate sales increased from 44% in 2016 to 63% in 2020. Due to the tightening financing environment, the weak demand and other factors in the second half of 2021, the credit risk of the industry gradually exposed and leading private real estate developers recorded risk events, marking the breaking of the Matthew Effect, the phenomenon that the strong gets stronger and the weak gets weaker, thereby contributing to the declining concentration in the industry. The sales concentration of top 100 real estate developers decreased to 50% in 2022. In addition, there was a significant differentiation in the sales of top 100 real estate developers with different natures. According to the statistics of the CRIC platform, the total sales value of state-owned and central enterprises among the top 100 real estate developers recorded a year-on-year decrease of approximately 15% while the total sales value of private enterprises recorded a year-on-year decrease of approximately 52% in 2022. The decrease in sales of private enterprises continuously expanded since June 2022 due to the tightening cash flows and insufficient supply of private enterprises. The suspension or interruption of loans in the third quarter further weakened the brand recognition of non-state-owned enterprises, resulting in the higher decrease of non-state-owned enterprises than the average of the top 100 real estate developers. On the contrary, the sales decrease of real estate developers with state-owned background was better than the average of the top 100 real estate developers and they enjoyed more competitive advantages under the adverse effects of the external environment. CCXI believed that leveraging on their shareholders' background and the convenient financing conditions, enterprises with state-owned background enjoy more competitive advantages and the competitive landscape with enterprises with state-owned background as major participants has gradually taken shape.

In general, the real estate sales have plunged to the bottom in recent years in 2022 due to the effects of various factors. Although the recovery of the real estate industry was affected by the diminishing demographic dividend, the expected weaker expectation on assets and revenue and the slower urbanization, the sales in the industry has been under recovery underpinned by supportive real estate policies.

As a result of the sluggish real estate sales market and the frequent credit risk events since 2022, the cash generating capacity of real estate developers was continuously deteriorated. Most real estate developers turned to more prudent development and investment strategies instead of the previous debt-driven expansion model and the overall land investment and project development showed a declining trend. In addition, the declining of the Housing Price Indices resulted in uncertainties in the profitability and de-stocking of projects in the future. The willingness and capability of real estate developers in land purchase and investment both plunged significantly.

In terms of centralized land supply in different areas, the centralized land supply was more flexible and normalized in 2022. Unlike only three batches of land supply each year, Wuxi, Suzhou, Nanjing, Shenzhen and Beijing completed the fourth and fifth batches of centralized land supply and Wuhan completed the sixth batch of centralized land supply in the fourth quarter of 2022. In terms of the scale of land supply and based on the statistics of China Index Academy, a total of 1,688 lots of land were under centralized supply in 2022 with 1,506 lots traded. The trading volume decreased 21.39% year on year to RMB1,776.2 billion. Due to the year-on-year decrease in the size of land supply in 2022, the rate of bidding failures was only 10.27%. Based on the trading of land in 100 cities, the trading volume of land in 100 cities was approximately RMB3.78 trillion in 2022, hitting a new low in recent three years and representing a year-on-year decrease of 26%. The premium rate of land traded continuously maintained a low level and the average premium rate for the whole year declined from 10.84% to 3.29%.

In terms of participants in land acquisition, central and local state-owned enterprises (SOEs) remained major participants in land transfer in 2022 and played the role as ballasts in the land transfer market. The land acquisition by non-state-owned enterprises in all batches of centralized land supply was below 20%. Specifically, the land acquisition by central enterprises in the first and second batches of centralized land supply was over 40% while the land acquisition by local SOEs in the third to fifth batches of centralized land supply increased significantly to over 50%. As certain local SOEs in land acquisition are not real estate developers with insufficient development experience and capability, they are unwilling to start construction after land acquisition. In September 2022, the Ministry of Finance released the Circular on Strengthening the Management of the Three Public Expenses and Strictly Controlling General Expenses and the land acquisition by local SOEs in the sixth batch of centralized land supply decreased significantly. On the whole, central and state-owned enterprises will remain major participants in the land market in the following period.

In terms of real estate development and construction, the investment in real estate development reduced as a result of the continuous sluggishness of the industry and other adverse factors such as the pandemic in 2022. The new construction area of properties and the real estate development investment recorded a year-on-year decrease of approximately 39% and 10% in 2022, respectively. The real estate development investment witnessed a year-on-year decrease for the first time since the outbreak of the pandemic in 2020 and plummeted to a new low in recent five years. With the alleviation of credit risk in the industry and the gradual showing of effects of supportive policies on the real estate industry in 2023, the investment in real estate development is likely to recover from the bottom this year.

In terms of the financing end and under the keynote of policies that "housing is for living in, not for speculation", major regulatory authorities have released a series of policies and guided financial institutions to meet the reasonable financing demands of real estate developers since the fourth quarter of 2021. It has developed a pattern with "three arrows" to support financing by real estate developers recently. But the recovery of the industry remains to be seen. In terms of bank credit, after the Financial Stability and Development Committee of the State Council convened a special meeting in March 2022, the margin of credit policies of financial institutions on the real estate industry was improved. The total amount of domestic loans and personal mortgage loans recovered after reaching the bottom in August and the decrease started to narrow. On 13 November 2022, the central bank and the CBIRC jointly released the Notice on Providing Financial Support for the Stable and Healthy Development of the Real Estate Market (hereinafter referred to as the "**16 Measures**"), which encourages banks to provide reasonable lending to real estate developers, relaxes financial management policies on two caps on real estate loans and individual housing loans for certain period and lifts the restrictions on real estate investment with trust funds. Subsequently, the CBIRC, the Ministry of Housing and Urban-Rural Development and the PBOC jointly issued the Circular on Issuing Letters of Guarantee by Commercial Banks to Replace Pre-sale Regulatory Funds, which supports high-quality real estate developers to reasonably use the pre-sale regulatory funds and promote the virtuous cycle and healthy development of the real estate industry. However, based on the absolute amount, the total amount of domestic development loans and mortgage loans in 2022 was only that of a half of 2020. CCXI believed that financial institutions are more willing to grant loans under the favorable credit policy environment. With the gradual recovery of sales, the investment activities in the real estate industry will gradually increase and more investment targets will be released in the market. It is expected that the absolute amount of development loans and personal mortgage loans will recover this year.

In terms of the bond market, due to the tightening financing and the declining collection of sales in 2022, bond issuers in the real estate industry experienced frequent credit risk incidents. Non-state-owned real estate developers generally face tight liquidity and real estate developers with state-owned background are major participants in the bond issuance market. In 2022, 69 bond issuers in the real estate industry experienced credit risk incidents and the number of credit risk incidents was 2.71 times of that of 2021. As of the end of 2022, the amount of domestic and overseas credit bonds issued by real estate developers with liquidity difficulties accounted for 43% of the credit bonds of all real estate developers and a great majority of real estate developers with liquidity difficulties are private enterprises. The amount of credit bonds with private real estate developers involved accounted for 67% of the balance of the credit bonds of all private real estate developers. With the increase in the default of domestic bonds, there were also frequent defaults of overseas USD-denominated bonds issued by real estate developers. Public information shows that it recorded defaults of overseas bonds with approximately US$36.979 billion (approximately RMB250.348 billion) issued by a total of 43 real estate developers throughout 2022. It is noteworthy that some real estate developers in risks have successfully promoted the overall debt restructuring since the second half of 2022, showing the recovery of creditors' confidence. Currently, the solutions on domestic and overseas debts of real estate developers in risks are generally under the initial discussion stage and the progress of debt restructuring is noteworthy. The frequent credit risk events in the domestic and overseas bond markets for real estate developers seriously weakened investors' confidence. Throughout 2022, the net financing of real estate developers through domestic bonds was RMB-52.6 billion while the net financing of private real estate developers was RMB-164.834 billion. With the significant increase in the size of due overseas USD-denominated bonds issued by real estate developers, the size of issuance shrank sharply. The net financing recorded a net outflow of US$33.991 billion. Unlike the frustration in refinancing in the open market for non-state-owned enterprises, the bonds issued by real estate developers with state-owned background surged (with a net inflow of RMB112.2 billion) in 2022, reaching the peak since 2017. The refinancing channels for a great majority of state-owned real estate developers in the bond market were smooth. In terms of the maturity of bonds, the maturity (including the sell-back) of bonds issued by real estate developers will reach the peak (with RMB356 billion) in 2023 in the following three years and over half of the bonds will face maturity (including the sell-back) in the first half. About half of the bonds facing maturity (including the sell-back) in the year were bonds issued by private real estate developers. Under the background with the refinancing of private real estate developers through bonds not fully recovered, the redemption of mature bonds still faces certain uncertainties.

Major regulatory authorities have released a series of policies to support real estate developers in gradually recovering financing channels in the bond market since 2022. In May 2022, major regulatory authorities guided financial institutions in the creation of the credit risk mitigation warrant (CRMW) to support the issuance of bonds by private real estate developers. In August 2022, under relevant regulatory guidance, China Bond Insurance Co., Ltd. (hereinafter referred to as the "**CBIC**") provided full, unconditional and irrevocable joint and several liability guarantees for the medium-term notes issued by private real estate developers. On 8 November 2022, under the support and guidance of the PBOC, the National Association of Financial Market Institutional Investors (hereinafter referred to as the "**NAFMII**") continuously promoted and expanded the utility of the instruments for private enterprises' bond financing (the "**second arrow**") and supported private enterprises, including private real estate developers, in financing through the issuance of bonds. Currently, the financing supportive policies are conducive to boosting the market confidence and the bond financing channels of state-owned and central enterprises were recovered with the net financing amount recovering to the level of 2018. However, it still takes time to recover investors' confidence in corporate bonds issued by private real estate developers. In terms of trust financing, the funds for real estate development from domestic loans have been declining year on year since 2022 and decreased by 27.4% by August 2022. Meanwhile, real estate trusts and bonds of real estate developers have been continuously shrinking. As of the end of September 2022, the balance of real estate trusts was RMB1,280.7 billion, representing a decrease of RMB480.8 billion as compared with the end of 2021. Despite that the "16 Measures" supported the lifting of restrictions on investment in real estate through trust channels and considering the shrinking of the overall planning on the real estate industry, the narrowing profitability of projects, the increasingly prudent land investment and project development and the continuous reduction of real estate projects with matched trust funds, it is expected that the balance of fund trusts to be invested in the real estate sector will further decrease.

In terms of the third arrow, the China Securities Regulatory Commission (CSRC) decided to resume the refinancing by listed property companies and listed companies in the property sector on 28 November 2022. It is noteworthy that the resuming of equity financing channels by listed property companies and listed companies in the property sector is of significance and is conducive to improving the capital structure of listed property companies. Considering the relatively complicated approval procedures for equity financing, it still needs to pay attention to the subsequent implementation of financing.

CCXI believed that with the gradual changes of policies on the industry from the fourth quarter of 2021, it continuously boosted supports in market supply and demand as well as financing through multi-dimensions in the following more than one year, fully demonstrating the determination of relevant regulatory authorities in maintaining the healthy development of the real estate industry. Currently, the policy environment of the real estate industry is further improved and various refinancing channels for real estate developers are recovered, full showing the positive role of supportive real estate policies in boosting market confidence and improving the financing environment for the industry.

5.2 Performance of Sample Enterprises

CCXI selected top 50 real estate developers in terms of the sales size in 2022 as samples. Relevant indicators on total debts were calculated based on the formula attached to this report and no adjustment was made for single items. The sales amount on the equity caliber in previous years was based on the statistics of the CRIC platform. The total contracted sales of sample enterprises on the equity caliber accounted for about 30% of the total sales of commodity houses nationwide in 2022. Due to the fluctuations of the prosperity of the industry, the excluding of certain leading real estate developers in samples and other factors, the concentration was still representative to certain extent despite certain decrease as compared with the previous year.

In terms of the contracted sales amount, the sales amount of sample real estate developers had maintained a double-digit growth since 2019. But the trend was changed in 2021. With the rapid cooling of the real estate market in the second half of 2021, the sales amount for the whole year achieved a slight increase of 0.86% year on year. Due to the impacts of the pandemic, the external economic situation and other various adverse factors in 2022, the sales amount of sample enterprises for the whole year decreased 36.51% year on year, nearly 10 percentage points higher than the decrease in the sales of the whole industry. The sales performance of sample real estate developers also differentiated. Only three of the sample real estate developers recorded positive growth in sales performance in 2022. Nine of them recorded a decrease of less than 20% in sales performance, all being state-owned and central enterprises. 16 real estate developers recorded a decrease of 20% to 40% in sales performance, five of which are private real estate developers. The remaining 22 real estate developers recorded a decrease of over 40% in sales performance and most of them are private real estate developers. In general, under the background of the downward market, the sales performance of private real estate developers underperformed state-owned and central enterprises on the whole.

In terms of total assets, the average total assets of sample real estate developers maintained a growth trend in the past five years. But the growth slowed down year by year and reached a single digit in 2021. It recorded negative growth for the first time as of the end of June 2022. In terms of the samples, 10 of the sample enterprises recorded shrinkage in assets with a decrease of less than 10% since 2021. As of the end of the first half of 2022, 31 of the sample real estate developers recorded decreases in assets and two of them recorded a decrease of more than 10%. Due to the tightening financing environment for the real estate industry and the sales decrease since 2022, real estate developers repaid due debts with their own funds and the balance of monetary funds decreased significantly as at the end of the period. Meanwhile, as a result of the tight liquidity, real estate developers slowed down in land acquisition and development and the size of inventories reduced remarkably. In addition, certain real estate developers with high pressures on the repayment of debts also disposed assets for liquidity. In general, the current financing environment for real estate developers have not been fully recovered, real estate developers will still face difficulties in liquidity and it is expected that the size of assets of sample real estate developers will maintain the trend of negative growth by the end of the year and in the short term.

In terms of the net asset, the average net asset and the average minority shareholders' interests of sample real estate developers maintained growth in the recent five years and one period. The increase in the net asset was driven by the rapid growth of minority shareholders' interests to certain extent, but the spread between the increases in the two items was narrowed rapidly in recent years. Based on specific samples and as of the end of the first half of 2022, a total of 24 real estate developers recorded shrinkage in net asset with the highest shrinkage of up to 20.3%. Among them, the decrease in the net asset of certain sample real estate developers was mainly affected by the profit and loss and some sample real estate developers recorded decreases in minority shareholders' interests due to the significant decrease in cooperative development projects or the disposal of cooperation projects. In addition, some real estate developers recorded decreases in minority shareholders' interests due to the debt-equity swap of "equity in the debt nature" under the cooperation with financial institutions after the exposure of the liquidity risk. On the whole, with the gradual transfer of cooperation projects and under the pressures on the profitability of projects, we believe that the net asset at the end of 2022 may remain the same level as that of mid-2022 or due to the lag in revenue recognition, the items transferred in the corresponding period are generally buildings previously achieved contracted sales. With the continuous implementation of policies on restricting prices in recent years in different areas, real estate developers still face pressures on narrowing profitability in the initial period of projects. Based on the initial profitability of sample real estate developers, the average gross profit margin of sample real estate developers was 29.63%, 32.53%, 31.02%, 25.65%, 19.94% and 17.58% from 2017 to 2021 and in the first half of 2022. As most of projects transferred by real estate developers in recent two years are land acquired in 2018 to 2019 when the land premium rate was relatively high and hot cities in China implemented policies restricting the prices of commodity houses, we expect that the profitability of real estate projects in 2022 may maintain the declining trend. With the rational land acquisition and the provision of impairment for projects with prices lower than costs after 2020, the pressures on the declining profitability of projects in the initial period may be reduced. Under the background with decreases in the overall gross profit of projects in recent years, the improvement of the turnover rate of projects and strengthening the management and control of fees will enhance the profitability of real estate developers. In terms of the turnover rate, the median turnover rate of inventories of sample real estate developers was 0.38 time, 0.35 time, 0.34 time, 0.35 time and 0.39 time from 2017 to 2021, respectively, which is opposite to the trend of the gross profit margin. The turnover rate of inventories of sample real estate developers reached a phased low level in 2019 and sped up in recovering in recent two years. The improvement of the turnover rate of inventories was attributed to the improvement of the operation efficiency of sample real estate developers and the slower pace in land expansion to certain extent. We believe that under the industrial background with the continuous decrease in commodity housing sales and the transform of demand from basic housing needs to improving housing conditions, real estate developers will emphasize the turnover speed and may attach more importance to the improvement of the quality of their own projects in the future. In terms of the fees during the period, the average rate of fees of sample real estate developers was 8.45%, 9.66%, 9.29%, 7.95%, 8.42% and 10.57% from 2017 to 2021 and in the first half of 2022, showing a trend of increasing first and decreasing later. The average sales fees and management fees of sample real estate developers in the first half of 2022 recorded a year-on-year decrease of 12.45% and 15.12%, respectively, and the proportions of the sales fees and management fees in the business revenue reduced slightly as compared with the same period of last year. Due to the decrease in the area of real estate projects started construction, the amount of interest expenses meeting the capitalization conditions reduced. The higher proportion of interest expenses contributed to the higher proportion of financial expenses in the business revenue in the first half of 2022, which is 1.61 and 2.25 percentage points higher than that of the first half of 2021 and throughout 2021, driving the increase of the rate of fees during the corresponding period. Considering the currently slower transfer of revenue of real estate developers and the mismatching of sales, management and financial fees with business revenue during the period, the rate of fees will still face certain upward pressures in the short term.

In terms of the net profit margin of sample real estate developers, due to the narrowing profitability of projects in the initial period, the decrease in settlement income driven by the less prosperity of the market and the increase in the provisions for asset-credit impairment by enterprises, the net profit margin of sample real estate developers continuously showed a declining trend since 2018. The net profit margin of sample real estate developers has fallen to 3.12% in the first half of 2022. Considering the above factors, it mainly measured the debt repayment pressures of real estate developers in the short and medium-to-long terms from the short-term liquidity and leverage based on the monetary funds/short-term debts and the net debt ratio. As of the end of June 2022, the average net debt ratio and the monetary funds/short-term debts of sample real estate developers was 82% and 1.45 times, representing an increase of 6.87 percentage points and a decrease of 0.21 time as compared with the end of 2021, respectively. The deterioration of the leverage and short-term debt repayment indicators of sample real estate developers in the first half of 2022 was mainly due to the weak collection of sales and higher refinancing pressures, and the balance of monetary funds of real estate developers decreased as compared with the beginning of the year. Besides, sample real estate developers also faced higher pressures on short-term debts. Their total short-term debts in the first half of 2022 increased slightly as compared with the end of 2021. Considering that the current collection of sales is prioritized in guaranteeing the "delivery of buildings" for projects, the size of monetary funds available for the redemption and repayment of credit bonds reduced and the actual liquidity pressures of sample real estate developers are more pessimistic than the results of the above indicators. Despite that the introduction of "three arrows", the "16 Measures" and other supportive policies in the second half will facilitate the recovery of financing channels for real estate developers, the net financing of real estate developers will maintain net outflows. As it takes time to achieve recovery in sales performance, real estate developers will still face difficulties in liquidity.

5.3 Opportunities and Challenges in Industry Development: Domestic Substitution and Success through Innovation

After a round of alleviation of risks in the real estate market in 2022, the market size declined to the level in 2017 rapidly. Although the recovery of the real estate industry was affected by the diminishing demographic dividend, the expected weaker expectation on assets and revenue and the slower urbanization, the sales in the industry has been under recovery at the bottom underpinned by continuous efforts under supportive policies on market supply and demand as well as financing through multi-dimensions since the changes of policies on the industry in the fourth quarter of 2021. Meanwhile, as the development scale and land investment in the industry have reached the bottom in 2022, it has developed a new pattern with central enterprises and real estate developers with the state-owned background as major participants in the land market. With the narrowing of potential profit, investment activities in the industry are expected to achieve rational returning in the future. The continuous improvement in the margins of the financing environment will facilitate the recovery of refinancing by real estate developers. Currently, financial institutions are more willing to grant loans and the policies on boosting the real estate industry also play an active role in reshaping the market confidence. Currently, the alleviation of the credit risk in the industry has come to an end and the credit fundamentals of the industry have reached the bottom. There was little chance for the spreading of the credit risk and the triggering of a new round of credit risk crisis.

6. VALUATION METHODOLOGY

6.1 Approaches of Value

Generally, there are three valuation approaches: the cost approach, the market approach and the income approach. The three valuation approaches are summarized as follows:

The cost approach is a technique that uses the reproduction or replacement cost as an initial basis for value. The cost to reproduce or replace the subject asset with a new asset, either identical (reproduction) or having the same utility (replacement), establishes the highest amount a prudent investor is likely to pay. To the extent that the asset being valued provides less utility than a new one, due to physical deterioration, functional obsolescence, and/or economic obsolescence, the value of the subject asset is adjusted for those reductions in value. Adjustments may be made for age, physical wear and tear, technological inefficiencies, changes in price levels, and reduced demand, among other factors.

The market approach is a technique used to estimate value from an analysis of actual transactions or offerings for economically comparable assets available as of the Valuation Date. The process is essentially that of comparison and correlation between the subject asset and similar assets that have recently sold or are offered for sale in the market. The transaction or offering prices of the comparable assets are adjusted for dissimilarities in characteristics including location, age, time of sale, size, and utility, among others. The adjusted prices of the comparable assets provide an indication of value for the subject asset.

The income approach explicitly recognizes that the current value of an asset (liability) is premised on the expected receipt (payment) of future economic benefits (obligations) generated over its remaining life. These benefits can be in the form of earnings, net income, cash flow, or other measures of profitability and should include the proceeds from final disposition as well as cost savings and tax deductions. Value indications are developed by discounting expected benefits to their present value at the required rate of return that incorporates the time value of money and risks associated with the particular asset.

The discount rate selected is generally based on expected rates of return available from alternative investments of similar type, quality, and risk as of the Valuation Date.

In the valuation process, we have considered the above-mentioned three generally recognized valuation methods, namely the cost approach, the market approach and the income approach. The cost approach applies to certain valuations, but it generally does not apply to the value analysis of a going concern business as it does not consider the future profitability potential of enterprises. As a result, the cost approach was not adopted in the valuation analysis. As the Target Company is under rapid expansion and is at early stage as of the Valuation Date, considering the current scale of business and performance, it cannot find comparable companies with identical operation size, risks and stages and the market approach was not applicable. Considering that the management of the Company can provide relatively reliable financial forecast and could capture the future earning potential of TM Home, we adopted the income approach as the main method for value analysis.

6.2 Income Approach

6.2.1 General assumptions

- Assume that during the current and future existence of TM Home, there will be no material changes in the relevant laws and regulations, industry policies, fiscal and monetary policies, and the economic environment in which it is located;

- Assume that the tax policy applicable to TM Home will not undergo material changes, and TM Home has no major tax disputes;

- Assume that no major changes in the currently available interest rates and exchange rates;

- Assume that TM Home will continue to operate in the future and has sufficient operating capital and human resources to achieve its financial forecast;

- Assume that the capital expenditures expected by management can meet the growth needs of TM Home, and TM Home has the ability to obtain the necessary financing;

- Assume that the financial forecast provided by the Company is reasonable and feasible from the perspective of market investors;

- Assume that all related party transactions are fair and reasonable, and are based on arm's length negotiation;

- Assume that TM Home has no undisclosed actual or contingent assets or liabilities, unusual obligations or substantive undertaking, and no litigation pending or threatened that would materially affect the value of TM Home's shareholders' equity;

- Assume that TM Home has responsibly performed its obligations as an asset owner and has competently undertaken effective management of the relevant assets; and

- In addition to the information provided by the Company, assume that there is no other important information that affects the analysis of TM Home.

6.2.2 Specific assumptions

The discounted cash flow method ("**DCF**") in the income approach considers that the present value of an investment is determined by the expected future economic benefits, such as the income that generated regularly, cost savings and sales revenue. In discounted cash flow method, a discount rate that can reflect the current market yield and the inherent risk of investment is used to discount the future net cash flow.

Discount rate

Discount rate is used to convert the annual net cash flow into present value, and it is based on an estimated weighted average cost of capital ("**WACC**"). WACC consists of cost of equity and cost of debt, and it is calculated by the proportion of capital structure on a weighted average basis.

The formula for the calculation of the WACC:

$$WACC = Kd \times (1 - t) \times \%debt + Ke \times \%equity$$

Of which,
Kd = Debt cost
t = Effective tax rate
%debt = Proportion of debt in total capital
Ke = Cost of equity
%equity = Proportion of equity in total capital

The cost of equity, or required return on equity, is estimated using the capital asset pricing model ("**CAPM**").

The current yields on appropriate securities are analyzed for an indication of the cost of debt. The indicated costs of equity and debt are proportionately weighted using the appropriate capital structure for an indication of the cost of capital, or discount rate.

The cost of equity ("**Ke**"), or required return on equity, was estimated using the CAPM as below.

$Ke = Rf + \beta(ERP) + SRP + ARP$

Rf = Risk-free rate
β = Equity systematic risk measure
ERP = Rm – Rf = Market risk premium
SRP = Small Size risk premium
ARP = Additional risk premium (company specific)

CAPM is based on the premise that an industry's capitalization rate is equal to the risk free rate of return plus an equity risk premium adjusted by an industry risk factor based on β. The β is developed by analyzing the historical relationship between the return required by investors in a particular industry and the average return required by investors in the market as a whole. A small size premium is applied in estimating an appropriate cost of equity, due to the relative size of the Target Company. Additional adjustments may be made for company-specific factors.

With the procedures above, we have identified and described below the comparable companies whose business natures are similar to that of the Target Company:

<u>Selection Criteria</u>

The selection criteria include the followings:

- The comparable companies are companies listed on China, Hong Kong or US stock exchanges that are engaged in real estate services business in greater China;
- The comparable companies have been listed for more than 2 years;
- Relevant information about the comparable companies is publicly disclosed, and sufficient data, including share prices and other financial data, can be acquired from S&P Capital IQ platform;
- The comparable companies derive a significant portion (above 50%) of their revenues from online and offline real estate brokerage services or real estate agency services;
- The Beta of the comparable companies should be of statistical significance (passed T-test);
- The interest-bearing debt-to-equity ratio of the comparable companies is less than 200%.

With the above criteria, we have identified the following comparable companies:

SHENZHEN WORLDUNION GROUP INCORPORATED. (SZSE: 002285) ("**SZ Worldunion**")

Shenzhen WorldUnion Group Incorporated is principally engaged in property consultancy, property agency, property brokerage and property management. It also conducts agency sales of products, Internet + businesses, financial services, asset operation services, property management services, decoration service business, advisory planning business and asset investment services.

5I5J HOLDING GROUP CO., LTD. (SZSE: 000560) ("**5I5J**")

5i5j Holding Group Co., Ltd. is a company principally engaged in property business in China. The company mainly operates three businesses. The property brokerage business includes the second-hand housing brokerage business, the new housing business and overseas businesses. The housing asset management business includes residential housing lease and property management. The commercial asset management business includes the lease and operation management of department stores and other commercial buildings. The company is also engaged in commercial retails, hotel and tourism services, property development and property services. The company carries out businesses in domestic and overseas markets.

KE HOLDINGS INC. (NYSE: BEKE) ("**BEKE**")

KE Holdings Inc. was incorporated in the Cayman Islands on 6 July 2018 under the Cayman Islands Companies Law. Beike Zhaofang is a technology driven service platform aiming at "better living", which gathers and empowers high-quality service providers across the industry to build an opening service ecosystem for "better living". The company is committed to providing comprehensive housing services to 300 million families, ranging from existing and new home transactions, home rentals, home renovation and furnishing, to community services, and other services.

MIDLAND HOLDINGS LIMITED (SEHK: 1200) ("**MIDLAND**")

Midland Group was established in 1973 and was listed on the Hong Kong Stock Exchange on 8 June 1995, becoming the first and the biggest listed property agency company in Hong Kong (stock code on the Hong Kong Stock Exchange: 1200). It has 40 years of experience in the industry with strong strength and professional services well recognized in the world. Midland Property (China) Co., Ltd. (known as "Midland Property" in China) is a subsidiary of the Midland Group in Hong Kong established in 1992 and responsible for property trading and lease services in China. With the increasing prosperity of the PRC economy, the property market also developed prosperously. The group is devoted to development in key cities in China with branches in Shenzhen, Guangzhou, Nanning, Chongqing, Chengdu, Hangzhou, Shanghai, Beijing and Shenyang as well as projects in Zhengzhou, Liuzhou, Changsha, Wuhan, Fujian, Guilin, Tianjin, Xiamen, Hainan, South China Sea and other cities. Midland Property brought the successful experience in the Hong Kong property industry to the Mainland and created a new pattern in the operation of property agency in China. It also vigorously participates in the planning of high-quality buildings in China and promoted the economic communications between the PRC Mainland and Hong Kong.

It is believed that the selection of comparable companies is exhaustive based on the above selection criteria.

Employing the above, the following table summarized the SRP and ARP, cost of equity, after-tax cost of debt, debt-to-equity ratio and WACC of the Company as of the Valuation Date:

Company Name	Ticker	Listing Country	D/E Ratio	Beta
SHENZHEN WORLDUNION GROUP INCORPORATED	SZSE: 002285	Mainland China	0.0%	0.71
5i5j Holding Group Co., Ltd.	SZSE: 000560	Mainland China	196.2%	0.38
KE HOLDINGS INC.	NYSE: BEKE	US	0.0%	1.14
Midland Holdings Limited	SEHK: 1200	Hong Kong, China	20.6%	0.48
Average Beta (Mainland China)				0.55
Average Beta (Hong Kong, China)				0.48
Average Beta (US)				1.14

	Rf a	Interest Rate Differential b	Country Risk Differential c	ERP d	Beta β	Average Ke before SRP & ARP e=β×d+a+b+c
Mainland China	3.03%	0.00%	0.00%	6.07%	0.55	6.34%
Hong Kong, China	4.24%	-1.22%	0.16%	5.91%	0.48	6.04%
US	4.01%	-0.99%	1.07%	5.00%	1.14	9.82%
Average Ke before SRP & ARP					**f=average of e**	**7.40%**

WACC of the Target Company:		
Average Ke before SRP & ARP	f	7.40%
SRP	g	3.05%
ARP	h	5.00%
Ke	**i=f+g+h**	**15.45%**
Kd		4.2%
Income tax rate		25%
Kd* (1 – enterprise income tax rate)	j	3.15%
D/E ratio selected	k	0.00%
WACC of the Target Company (Rounded)	**WACC = j*k/(1+k) + i*1/(1+k)**	**15.00%**
WACC of Leju:		
Average Ke before SRP & ARP	f	7.40%
SRP	g	3.05%
ARP	h	4.00%
Ke	**i=f+g+h**	**14.45%**
Kd* (1 – enterprise income tax rate)	j	3.15%
D/E ratio selected	k	0.00%
WACC of Leju (Rounded)	**WACC = j*k/(1+k) + i*1/(1+k)**	**14.00%**

Notes:

1. Beta is extracted from date on S&P Capital IQ as of the Valuation Date and releveraged.

2. Rf is extracted from the yield-to-maturity of the government bonds with the longest maturity in respective countries quoted from investing.com as of the Valuation Date.

3. ERP is based on 2023 equity risk premium from "Country Default Spreads and Risk Premium" published by Pro. Aswath Damodaran of New York University (Aswath Damodaran is a professor of finance at the Stern School of Business at New York University specialised in corporate finance and valuation).

4. SRP is extracted from the "Cost of Capital Navigator" research published by Duff & Phelps (Duff & Phelps was founded in 1932 and provides merger and acquisition advisory services, valuation, investment banking, transaction advisory, dispute, legal management, and tax consulting services).

5. Kd is based on the Pre-Tax Loan Prime Rate issued by Bank of China and the Target Company's income tax rate as of the Valuation Date.

6. D/E ratio is based on the Target Company's debt-to-equity ratio as of the Valuation Date.

7. Some figures may not be exactly computed due to rounding.

Definition of free cash flows

The equation of free cash flows ("**FCF**") is as follows:

FCF = NI + DEPR + INT – CAPEX – NWC

Of which,
FCF = Projected free cash flow available to equity and debt holders
NI = After-tax net profit
DEPR = Depreciation and amortization expenses
INT = After-tax interest fees
CAPEX = Capital expenditures
NWC = Changes in net working capitals (Net current assets after deducting current liabilities)

The discounted cash flow method requires profit forecast, the forecast on cash flows in particular. The calculation of the free cash flows for each year during the forecast period is based on the above formula. As the enterprise operates on a going concern, the free cash flows in years after 2030 is calculated based on a perpetual growth rate of 2.0% each year.

Assumptions in Financial Forecast

The management provided the financial forecast for 2023 to 2030 on the Valuation Date. We analyzed major items in the financial forecast, such as the income forecast and the operating fees forecast. Our analysis was based on limited study on the economy, the prospects of the industry and the market conditions as of the Valuation Date, compared with the historical financial results and financial data of comparable companies as well as our discussions with the management of the Company. Major assumptions are as follows:

Income forecast

Based on the communications with the management, the Target Company conducts online real estate marketing activities through the Tmall platform of Alibaba. Its major revenue includes: 1) revenue from Tmall Haofang; and 2) revenue from Leju. Total revenue of the Target Company will gradually increase from RMB1.24 billion in August to December in 2023 to RMB5.76 billion in 2030.

The key factors of the total revenue projection are:

RMB Million	2023 (Aug-Dec)	2024	2025	2026	2027	2028	2029	2030
Key Factors of Revenue Projections								
1) Revenue from Tmall Haofang	44	348	560	664	710	755	801	851
Growth rate			*61%*	*19%*	*7%*	*6%*	*6%*	*6%*
2) Revenue from Leju	1,195	3,895	4,221	4,376	4,596	4,697	4,800	4,906
Growth rate			*8%*	*4%*	*5%*	*2%*	*2%*	*2%*
Total revenue	**1,239**	**4,243**	**4,782**	**5,040**	**5,306**	**5,452**	**5,601**	**5,757**
Growth rate			*13%*	*5%*	*5%*	*3%*	*3%*	*3%*

1) Revenue from Tmall Haofang

Based on the information provided by the management, the revenue from Tmall Haofang includes: a. annual fees revenue of stores; and b. commission revenue from new home transactions.

The key factors of the revenue from Tmall Haofang projection are:

RMB Million	2023 (Aug-Dec)	2024	2025	2026	2027	2028	2029	2030
Key Factors of Revenue from Tmall Haofang Projections								
a. Annual fees revenue of stores	44	294	452	516	541	567	594	622
Growth rate			*54%*	*14%*	*5%*	*5%*	*5%*	*5%*
b. Commission revenue from new home transactions	–	54	109	148	169	188	208	229
Growth rate			*102%*	*37%*	*14%*	*11%*	*10%*	*10%*
Total revenue	**44**	**348**	**560**	**664**	**710**	**755**	**801**	**851**
Growth rate			*61%*	*19%*	*7%*	*6%*	*6%*	*6%*

a. Annual fees revenue of stores

In the operation of the Tmall real estate marketing platform, the Target Company invites real estate agents/agency stores to open stores and conduct marketing activities for new houses, second-hand houses and rented houses on the Tmall real estate marketing platform and charges annual fees and advertising fees from them.

The annual fees revenue = the number of stores x annual fees per store

According to our discussion with the Management, till July 2023, there has been around 11 thousand agency and developer project stores registered on the platform. With the developing of user habits, the number of stores is expected to increase from 16 thousand in 2023 to 31 thousand in 2030, representing an 8-year CAGR of around 10%.

According to our discussion with the Management, the annual fees per store are expected to increase from RMB3 thousand/year (for five months) in 2023 to RMB20 thousand/year in 2030.

As disclosed in "Tmall 2023 Annual Fee Software Service Fee List", the annual fees revenue is around RMB30-60 thousand per year per Tmall store. Considering the estimated annual fee of Tmall Haofang also includes the advertising fee for potential customer leads, it is believed that the estimated annual fee is reasonable.

The annual fees revenue in the forecast period will increase from around RMB44 million in August to December in 2023 to RMB622 million in 2030.

b. Commission revenue from new home transactions

For agency stores conducting new house purchase coupon transactions on the Tmall real estate marketing platform, the Target Company provides them with platform services and charges commissions.

The commission revenue from new home transactions = the gross merchandise volume (GMV) of house purchase coupon x the platform commission rate

The GMV = the annual number of transactions x the unit price of house purchase coupons of new home transactions.

The annual number of transactions is estimated to increase from 60 thousand per year to 256 thousand per year, representing that the house purchase coupons sold per store is estimated to increase from 6 per year to 15 per year. The price per coupon is estimated to remain at RMB45 thousand. The GMV is expected to increase from RMB2.69 billion in 2024 to RMB11.45 billion in 2030, representing a 7-year CAGR of 27%.

Assuming that the average trading price per house transaction was RMB2 million, the gross transaction value (GTV) from Tmall Haofang would increase from RMB120 billion in 2024 to RMB511 billion in 2030, which represented around 54% of BEKE's new home transaction GTV in 2022 and around 4% of China's commercial housing sales value (i.e. RMB13.3 trillion) published by the National Bureau of Statistics in 2022.

The platform commission rate is estimated to be 0% in 2023 and 2% from 2024 to 2030, which is determined based on the industry norm.

The commission revenue from new house purchase coupons is expected to increase from around RMB54 million in 2024 to RMB229 million in 2030.

2) Revenue from Leju

Based on the information provided by the management, the revenue from Leju includes a. E-commerce revenue; and b. advertising revenue.

The key factors of the revenue from Leju projection are:

RMB Million	**2023 (Aug-Dec)**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Key Factors of Revenue from Leju Projections								
a. E-commerce revenue	948	3,193	3,512	3,659	3,872	3,957	4,044	4,133
Growth rate			*10%*	*4%*	*6%*	*2%*	*2%*	*2%*
b. Advertising revenue	246	703	710	717	724	740	756	773
Growth rate			*1%*	*1%*	*1%*	*2%*	*2%*	*2%*
Total revenue	**1,195**	**3,895**	**4,221**	**4,376**	**4,596**	**4,697**	**4,800**	**4,906**
Growth rate			*8%*	*4%*	*5%*	*2%*	*2%*	*2%*

a. E-commerce revenue

Leju sells house purchase coupons to house buyers, locks houses and provides discounts for house buyers, thereby providing marketing services for real estate developers.

E-commerce revenue = the number of house purchase coupons sold x the unit price.

According to our discussion with the Management, the number of house purchase coupons is expected to increase from 25 thousand in August to December in 2023 to 92 thousand in 2030, representing an 8-year CAGR of 8%. The unit price of house purchase coupons is expected to increase from RMB38 thousand/each in August to December in 2023 to RMB45 thousand/each in 2030.

Assuming that the average trading price per house transaction was RMB2 million, the GTV of Leju would increase from RMB50 billion in August 2023 to RMB184 billion in 2030, which represented 20% of BEKE's new home transaction GTV in 2022 and 1% of China's commercial housing sales value published by the National Bureau of Statistics in 2022.

The e-commerce revenue will increase from RMB0.95 billion in August to December in 2023 to RMB4.13 billion in 2030, representing an 8-year CAGR of 10%.

b. Advertising revenue

The advertising revenue is the revenue from the provision of advertising services for real estate developers and project companies on the platforms of Leju. It is forecasted based on the growth rate.

According to our discussion with the Management, the advertising revenue in the forecast period will increase from around RMB246 million in August to December in 2023 to RMB772 million in 2030, representing an 8-year CAGR of 7%.

Costs and expenses forecast

Based on the communications with the management, costs and expenses mainly include: 1) costs and expenses of Tmall Haofang; and 2) costs and expenses of Leju.

The key factors of the costs and expenses projection are:

RMB Million	**2023 (Aug-Dec)**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Key Factors of Costs and Expenses Projections								
1) Costs and expenses of Tmall Haofang	(96)	(280)	(349)	(378)	(397)	(412)	(428)	(445)
% of revenue from Tmall Haofang	*-220%*	*-81%*	*-62%*	*-57%*	*-56%*	*-55%*	*-53%*	*-52%*
2) Costs and expenses of Leju	(1,194)	(3,891)	(4,215)	(4,369)	(4,586)	(4,687)	(4,790)	(4,895)
% of revenue from Leju	*-99.9%*	*-99.9%*	*-99.8%*	*-99.8%*	*-99.8%*	*-99.8%*	*-99.8%*	*-99.8%*
Costs and expenses	**(1,290)**	**(4,171)**	**(4,564)**	**(4,747)**	**(4,983)**	**(5,099)**	**(5,218)**	**(5,340)**
% of total revenue	*-104.2%*	*-98.3%*	*-95.4%*	*-94.2%*	*-93.9%*	*-93.5%*	*-93.2%*	*-92.8%*

1) Costs and expenses of Tmall Haofang

They include taxes, labor costs and user acquisition cost. The user acquisition cost mainly refers to the advertising input for acquiring users and R&D input.

The key factors of the costs and expenses of Tmall Haofang projection are:

RMB Million	2023 (Aug-Dec)	2024	2025	2026	2027	2028	2029	2030
Key Factors of Costs and Expenses of Tmall Haofang Projections								
Taxes	(3)	(18)	(27)	(31)	(32)	(34)	(36)	(38)
% of revenue from Tmall Haofang	*-6.1%*	*-5.1%*	*-4.8%*	*-4.6%*	*-4.5%*	*-4.5%*	*-4.5%*	*-4.5%*
Labor costs	(78)	(237)	(294)	(319)	(334)	(346)	(357)	(370)
% of revenue from Tmall Haofang	*178.2%*	*68.2%*	*52.5%*	*48.0%*	*47.0%*	*45.8%*	*44.6%*	*43.4%*
User acquisition cost	(16)	(25)	(28)	(29)	(30)	(32)	(34)	(36)
% of revenue from Tmall Haofang	*-36.2%*	*7.2%*	*-4.9%*	*-4.3%*	*-4.3%*	*-4.3%*	*-4.3%*	*-4.3%*
Costs and expenses of Tmall Haofang	**(96)**	**(280)**	**(349)**	**(378)**	**(397)**	**(412)**	**(428)**	**(445)**
% of revenue from Tmall Haofang	*220.5%*	*80.5%*	*62.2%*	*56.9%*	*55.8%*	*54.6%*	*53.4%*	*52.2%*

During the forecast period, after the operational optimization, the proportion of taxes in the revenue from Tmall Haofang will decrease from 5% in 2024 to about 4.5% in 2030; the proportion of labor costs in the revenue from Tmall Haofang will decrease from 68% in 2024 to about 43% in 2030 due to the scale effect; the proportion of user acquisition cost in the revenue from Tmall Haofang will decrease from 7.2% in 2024 to about 4.3% in 2030 as a result of the platform effect as a result of preliminary input and the development of users' habits.

As disclosed by SZ Worldunion's annual report, the salary and commission paid to employees by SZ Worldunion accounted for approximately 26% to 48% of SZ Worldunion's revenue in respect of real estate brokerage services during 2021 to 2022. As disclosed by Midland's annual report, the staff costs by Midland accounted for approximately 48% to 60% of Midland revenue during 2021 to 2022. It is believed that the management's estimation of labor cost is in line with industry norm.

As disclosed by BEKE's annual report, the sales and marketing expenses as percentage of revenue is about 5.3%-7.5% during 2021 to 2022. It is believed that the management's estimation of user acquisition cost is in line with industry norm.

The proportion of costs and expenses of Tmall Haofang in the revenue from Tmall Haofang in the forecast period will decrease from 81% in 2024 to about 52% in 2030.

2) Costs and expenses of Leju

They include labor costs and commissions, advertising and marketing costs, and other costs.

The key factors of the costs and expenses of Leju projection are:

RMB Million	2023 (Aug-Dec)	2024	2025	2026	2027	2028	2029	2030
Key Factors of Costs and Expenses of Leju Projections								
Labor costs and commissions	(128)	(355)	(372)	(385)	(402)	(411)	(420)	(429)
% of revenue from Leju	*-10.7%*	*-9.1%*	*-8.8%*	*-8.8%*	*-8.8%*	*-8.8%*	*-8.8%*	*-8.8%*
Advertising and marketing and resource input costs	(40)	(138)	(152)	(158)	(165)	(169)	(173)	(177)
% of revenue from Leju	*-3.4%*	*-3.5%*	*-3.6%*	*-3.6%*	*-3.6%*	*-3.6%*	*-3.6%*	*-3.6%*
Other costs	(1,026)	(3,398)	(3,691)	(3,826)	(4,018)	(4,107)	(4,197)	(4,290)
% of revenue from Leju	*-85.8%*	*-87.3%*	*-87.4%*	*-87.4%*	*-87.4%*	*-87.4%*	*-87.4%*	*-87.4%*
Costs and expenses of Leju	**(1,194)**	**(3,891)**	**(4,215)**	**(4,369)**	**(4,586)**	**(4,687)**	**(4,790)**	**(4,895)**
% of revenue from Leju	*-99.9%*	*-99.9%*	*-99.8%*	*-99.8%*	*-99.8%*	*-99.8%*	*-99.8%*	*-99.8%*

According to our discussion with the Management, during the forecast period, after the operational optimization, the proportion of labor costs and commissions in the revenue of Leju is about 9% to 11%; the proportion of advertising and marketing costs in the revenue of Leju is about 87%; the proportion of other costs in the revenue of Leju is about 3.4% to 3.6%.

The proportion of the costs and expenses of Leju in the revenue of Leju in the forecast period will decrease from 99.9% in August to December in 2023 to about 99.8% in 2030.

Enterprise income tax

Based on the discussion with the management of the Company, the income tax rate of the Target Company is 25%.

Net working capitals

Working capitals include operating cash, accounts receivable, accounts payable, advance from customers, payroll payable and income tax payable, which are estimated based on historical pattern and industry norm.

1) The operating cash is about 30 days of costs, fees and expenses (excluding depreciation and amortization) from 2023 and 2030. During the forecast period, the proportion of operating cash in the revenue will decrease from 11% in 2023 to about 9% in 2030.

2) During the forecast period, the turnover days of accounts receivable will maintain at about 3 days. (Revenue)

3) During the forecast period, the turnover days of accounts payable will maintain at about 30 days. (Costs and fees)

4) During the forecast period, the turnover days of advance from customers will maintain at about 40 days. (Revenue from Leju)

5) During the forecast period, the turnover days of payroll payable will maintain at about 30 days. (Labor costs)

6) For taxes payable-income tax and during the forecast period, the turnover days of taxes payable will maintain at about 90 days. (Enterprise income tax)

The key factors of the working capital projection are:

RMB Million	2023 (Aug-Dec)	2024	2025	2026	2027	2028	2029	2030
Key Factors of Working Capital Projection								
Working capital	(265)	(400)	(445)	(465)	(489)	(501)	(513)	(525)
% of total revenue	*-10%*	*-9%*	*-9%*	*-9%*	*-9%*	*-9%*	*-9%*	*-9%*

Capital expenditures

Fixed assets of the Target Company are mainly office equipment and servers. The existing and new equipment are depreciated based on 5 years. Capital expenditures in the forecast period will be used in the purchase of office equipment and the proportion of expenses on the purchase of fixed assets in the revenue will remain stable at about 0.3%.

Intangible assets of the Target Company are mainly software and intangible assets from acquisition. The existing software is depreciated based on 8 years and new software is depreciated based on 5 years. No forecast is made on the amortization of intangible assets from acquisition. Capital expenditures in the forecast period will be used in the purchase of software updates and the proportion of expenses on the purchase of intangible assets in the revenue will remain stable at about 0.2%.

6.2.3 Derivation of equity value

Based on the above financial forecast, the sum of the present value of future net cash flows discounted at the discount rate of the Target Company is the enterprise value of the Target Company. The equity value of the Target Company is arrived by adding excess cash, surplus assets (other receivables, deferred income tax assets, investment properties, interests in associates, other non-current assets and right-of-use assets) and deducting surplus liabilities (other payables and lease liabilities) and minority shareholders' interests (44.3% equity interests of Leju, determined by income approach based on the aforementioned estimates for Leju).

Detail calculations are as below:

RMB Million		2023 (Aug-Dec)	2024	2025	2026	2027	2028	2029	2030	Term-inal Value
Total revenue		1,239	4,243	4,782	5,040	5,306	5,452	5,601	5,757	
Total costs and expenses		(1,290)	(4,171)	(4,564)	(4,747)	(4,983)	(5,099)	(5,218)	(5,340)	
EBIT		(52)	72	218	293	323	353	384	417	
Enterprise income tax		–	(5)	(55)	(73)	(81)	(88)	(96)	(104)	
Net profit		(52)	67	164	220	242	264	288	312	
+ Depreciation and amotization		6	18	22	27	33	32	26	27	
+ Tax adjusted finance cost		–	–	–	–	–	–	–	–	
– Capital expenditure		(13)	(21)	(24)	(25)	(27)	(27)	(28)	(29)	
+ Working capital investment		(608)	135	45	20	25	12	12	13	
Free cash flow		(667)	198	207	242	273	281	297	323	329
Discount factor	15%	0.97	0.88	0.76	0.66	0.58	0.50	0.44	0.38	2.92
Present value of cash flow during the forecast period		398								
Present value of terminal value		963								
Enterprise value		**1,360**								
Non-operating assets/liabilities		500								
100% equity interest value		**1,860**								

7. CONCLUSION OF VALUE ANALYSIS

Based on the information provided by the Company and the restrictions on our working procedures and the scope of our work as well as relevant basic and particular assumptions, we conducted analysis and estimation on the indicative value of the market value of 100% equity interests in the Target Company as of the Valuation Date by using the income approach and the results were RMB1,860,235,000.

		RMB'000
Enterprise value		**1,360,214**
Add: Surplus assets		
Cash and cash equivalents		755,457
Restricted bank balance		39,962
Operating cash		(205,275)
Other receivables		386,029
Deferred tax assets		393,193
Investment property		2,636
Interests in associates		6,774
Right-of-use assets		36,160
Other non-current assets		8,306
Less: Surplus liabilities		
Other payables		(606,189)
Lease liabilities		(20,472)
Lease liabilities (non-current)		(66,389)
Minority shareholders' interests (Leju)	**44.30%**	(230,171)
Total surplus assets/liabilities		**500,020**
Equity value		**1,860,235**

Based on the Target Company's financial performance, the management's future estimation and the market data of comparable companies, we consider that the value of the Target Company as at 10 December 2023, would not be materially different from the market value of the Target Company as of the Valuation Date and the difference would be within 5%.

ASSUMPTIONS AND LIMITATION CONDITIONS

This report is based on the following general assumptions and restrictions:

To our knowledge, any data (including historical financial data) included as basis for forming opinions and results or proposed in this report (if any) are truthful and accurate. Although we believe that the information sets out in this report is accurate, we provide no guarantees or assume no responsibilities on the truthfulness of any data, opinions or valuation conclusions provided by others herein.

The valuation conclusion and opinion proposed herein are based on the economic conditions on the valuation date and the purchasing power of the currency in the report. The corresponding valuation date of the valuation conclusion and opinion is set out in the report.

This report is only limited to the purposes set out herein and is not intended or appropriate for other aspects. It is not appropriate for any other uses or purposes or shall not be used for other purposes by any third parties. Our company hereby states that we will not assume responsibilities for any damages and/or losses from any unexpected uses.

Any part of this report (any conclusions, signatures and individuals associated with this report and the time of their association, the reference to their associated professional associations or organizations, or the designated contents of the abovementioned organization in particular) shall not be disclosed to third parties through any of prospectus, advertising and publicity materials, public relations or news without our written consent and approvals.

Unless otherwise stated in this report, we did not plan or carry out any environmental impact study. Unless otherwise stated, defined or explained in this report, we believe the full compliance with applicable laws and governmental regulations. We also believe that any ownership related to this valuation report is reliable and any necessary licenses, written consents or any other applicable regulations or administrative procedures of governmental departments or private organizations have been completed or updated.

Unless otherwise stated in this report, the value valuation sets out in this report particularly excludes the impact of the following substances, such as the presence of any harmful substances including asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials or of structural damage or environmental contamination. Readers of this report are advised to seek the advices from a qualified structural engineer and/or industrial hygienist on potential structural/environmental defects as well as the potential impact of the existence of such problems on the value valuation.

E-House (China) Enterprise Holdings Limited

Dear sirs/madams,

1. TRANSMITTAL LETTER

In accordance with the terms, conditions and purposes of the agreement (hereinafter referred to as the "**Agreement**") entered into between E-House (China) Enterprise Holdings Limited ("**E-House**" or the "**Company**") and ValueLink Management Consultants Limited ("**ValueLink**"), the Company appointed us to conduct value analysis on 100% equity interests of CRIC Holdings Limited ("**CRIC**" or the "**Target Company**") as of 31 July 2023 (the "**Valuation Date**") for internal reference by the Company.

This report is for the internal reference by the Company only. Without our prior written consent, this report shall not be used in any legal or litigation proceedings, be disseminated or seen in any published publications, announcements or annual reports, or be copied in part or in whole for other purposes. The contents contained in this report are strictly confidential and, to the extent permitted by laws, shall not be disclosed in part or in whole to any third party other than the Company without our prior written consent.

We understand that the Company will conduct independent consideration and assessment before making any business decision and will not solely rely on our report, and the report issued by us will not replace other analysis and investigation work that should be carried out by the client in reaching the business decision. Our report does not include specific purchase and sale recommendations.

To the maximum extent permitted by laws, ValueLink assumes no duty of care for this report and/or any relevant information or explanations (collectively referred to as the "**information**") to any third parties. Correspondingly, to the extent permitted by laws, ValueLink undertakes no obligations (whether based on contracts, infringement (including negligence) or others) for any action taken or omission made by any third parties other than the Company based on the information.

The information we used in this report is derived from various data sources indicated in this report. This report is based on the financial information, the financial forecast provided by the Company and on its behalf and open industrial resources. The Company has undertaken to us that it will assume full responsibilities to the judgments and results of the abovementioned financial information and relevant key assumptions. Please note that the procedures and enquiries undertaken by us in preparing this report do not include any audit work, nor do they constitute an examination made in accordance with generally accepted auditing standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided to us, except where otherwise stated herein, and no assurance is given.

For the information and materials on which all or part of the value analysis conclusions in this report are based and provided by other parties, we assumed that they are reliable and did not carry out verification. We made no guarantees on the accuracy of such information and materials.

We do not accept any responsibility for the changes in market conditions and have no obligations to modify our report due to events or conditions after the issuing of the report.

Value analysis is not an accurate science in substance. In many cases, the conclusions of value analysis inevitably involve subjective and personal judgments. Although the suggestions expressed by us in the report are arrived based on the methods and conclusions appropriate to this project in our opinion, we cannot guarantee that the value or the range of value in the report will be recognized by other parties.

We are not interested, either presently or expectedly, in the analyzed entity contained in the value analysis report. We are not interested, either presently or expectedly, in relevant concerned parties, and not biased against relevant concerned parties.

Based on the information provided by the Company and the restrictions on our working procedures and the scope of our work as well as relevant basic and particular assumptions, we conducted analysis and estimation on the indicative value of the market value of 100% equity interests in the Target Company as of the Valuation Date by using the market approach and the results were RMB1,327,014,000.

Unit: RMB'000

Price earnings ratio of comparable companies selected	**a**	**25.84**
Imputed annual net profit on 31 July 2023	b	56,272
Equity value (without taking into account the lack of marketability discount and control premium)	**c=a*b**	**1,454,262**
Lack of marketability discount	d	27%
Control premium	e	25%
100% equity value after taking into account the lack of marketability discount and control premium	**f=c*(1-d)*(1+e)**	**1,327,014**

Note: Some figures may not be exactly computed due to rounding.

Based on the Target Company's financial performance and the market data of comparable companies, we consider that the value of the Target Company as at 10 December 2023, would not be materially different from the market value of the Target Company as of the Valuation Date and the difference would be within 5%.

We hereby certify that we have neither present nor prospective interests in the Company or the value reported.

Sincerely,

William Chen
ABV, CFA, CPA(US), MBA

On behalf of

ValueLink Management Consultants Limited

Thank you for appointing ValueLink as the valuation consultant of the Company. If you have any suggestions or doubts, please immediately contact Ms. Cindy Liu or Mr. William Chen (Tel.: 861065978211).

2. INTRODUCTION

2.1 Purpose and Subject of Value Analysis

Based on the information provided by the management of E-House (China) Enterprise Holdings Limited ("**E-House**" or the "**Company**"), we understand that the Company will conduct restructuring. As a result, the Company appointed us to conduct value analysis on all shareholders' interests of its subsidiary, CRIC Holdings Limited ("**CRIC**" or the "**Target Company**"), for internal reference by the Company.

The target of the value analysis is the market value of 100% equity interests of CRIC on 31 July 2023 (the "**Valuation Date**").

Note: The scope of 100% equity interests of the Target Company includes CRIC and China Real Estate Research Association (CRERA). For details, please refer to Section 3 Company Overview.

2.2 Valuation Date

As confirmed with the management of the Company, the Valuation Date is 31 July 2023.

According to the management of the Company, it has incorporated the business related to CRERA held by the Company into CRIC. The scope of this value analysis includes the consultation business related to CRIC and the evaluation and consultation business related to CRERA.

2.3 Basis of Value

The basis of value adopted by us in the value analysis is the "market value".

The market value is defined as "the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

2.4 Valuation Methodology

Since there are sufficient public companies in similar business to that of CRIC, market approach is adopted in the value analysis. Since income approach involves many assumptions of financial forecast, due to the uncertainty of the company's future performance, the income approach is not selected and we adopted market approach in valuation of the equity value for the Target Company.

2.5 Work Procedures

Based on the business agreement, we have completed the following work:

- Learning about the information on the finance and operation of the Target Company based on the information provided to us and our discussions with the management of the Company;

- Obtaining the operating and financial data of the Company as of June 2023;

- Obtaining the operating and financial information of the Target Company provided by the Company, analyzing relevant basic materials and information about the Target Company, including but not limited to the historical operating performance, future strategic frameworks and business plans of the Target Company;

- Discussing with the management of the Company on key matters in the finance and operation and obtaining their explanations to relevant materials;

- Conducting study on the market data of listed companies with same or similar businesses;

- Analyzing and estimating the indicative value of the market value of the Target Company by using the market approach;

- Recording our work procedures, findings and conclusions, major assumptions and restrictions in this report.

2.5.1 Limitation of scope

Whilst we have endeavored to collect and analyze relevant financial and operating information of the Target Company related to the value analysis business, we would like to draw your attention to the limitations described hereunder when considering the results of our work:

- Our understanding of the Target Company and its operating conditions is mainly based on the financial information and the financial forecast provided by the management as well as the understanding of the management on the operation strategies and development prospects of the Target Company. We did not conduct any audit or prudent surveys on the truthfulness, accuracy and reliability of the information obtained during the period of this project. We do not accept any responsibility for the accuracy and completeness of the information provided by the Company, nor do we express any opinions on any such information.

- Our work includes interviews, telephone discussions and on-site inquiries with the management as well as limited industrial analysis. As a result, our calculation is based on the materials provided by the Target Company and recognized by the Company.

- Although we have communicated with the Company on key operating and financial matters of the Target Company learnt in the work process, our work cannot replace other matters which may affect the decision-making judgment and may be identified in other professional services (including but not limited to the audit, due diligence and other businesses) to be considered by the Company in making management decisions and judgments.

- The report issued by us will not replace other analysis and investigation work to be implemented in making business decisions by the client. Our report does not include particular purchase and sale suggestions.

- It is the responsibility of the Company to determine the acceptable price and the asset structure for use. For the selection of the acceptable price in any transactions, factors other than the information provided by us shall be considered. Due to changes in the environment of transactions or different perceptions and motives of the buyer and the seller, the actual trading price may be significantly higher or lower than the results of our valuation and calculation.

- We did not conduct audit or other assurance work in accordance with the professional standards issued by the relevant institutes of certified public accountants in carrying out the service. Therefore, we do not provide audit opinions, certifications or other forms of assurance opinions on related services or information we rely on.

- We do not accept any responsibility for any subsequent matters or conditions after the date of the report.

- Our work does not constitute the statutory evaluation business required under the PRC Asset Valuation Standards or the evaluation report required for approval of transactions. Our work is not for the purpose of financial reporting.

2.5.2 Work not carried

The scope of our work does not include the following work:

- Due diligence on financial/taxation affairs;

- Due diligence on legal affairs;

- Review of pricing strategies on transfer;

- Commercial, operational or market due diligence;

- Due diligence on production technology;

- Statutory evaluation;

- Macroeconomic forecast;

- The external marketplace (market size), segmentation, growth trends, the competitive environment (key competitors, market shares);

- Audit on the financial/taxation information of the Target Company (review on the accounting/taxation principles used in the valuation analysis);

- Consultation on restructuring related to transactions (taxation and/or accounting issues);

- Analysis on the strategic positioning of the Company;

- IT due diligence (if any);

- Consultation on human resources management; and

- Any investment or pricing decisions.

2.6 Source of Information

We relied on the following relevant information provided to us by the management as well as the publicly available information that we gathered through our own research:

- Business registration of the Target Company;
- Audited financial statements of the Target Company as of 31 December 2020, 2021 and 2022 as well as the unaudited management statement as of 30 June 2023;
- Market information in relation to the Target Company;
- The desktop research which utilized information and statistics published by government departments, industry associations, publications, public companies' annual and quarterly reports;
- Various market information on the comparable companies;
- Various market information extracted from the S&P Capital IQ (a financial data platform that provides detailed research and analysis of the stock market, which was founded in 1999 by S&P Global Inc.) (an American publicly traded corporation which was founded in 1860 and its primary areas of business are financial information and analytics);
- Research reports on China real estate industry and economy in general.

3. COMPANY OVERVIEW

3.1 CRIC Holdings Limited

CRIC Holdings Limited is a leading real estate big data application service provider in China, with information coverage of 387 cities to date. Relying on the professional research strength and consulting team, CRIC is serving more than 95% of the top 100 real estate companies, and providing the comprehensive solutions for real estate online and offline information services for governments, enterprises and buyers. After more than ten years of maturing, CRIC has realized a closed real estate big data loop between the industry and its customers with business covering real estate, assets management, leasing, property management and other sectors by virtue of supports from China Residence Information Circle (CRIC platform) and China Asset Information Circle (CAIC platform). The decision-making basis has been provided to a large number of housing enterprises through the innovative R&D product CRIC platform system, investment decision system, data marketing system, scene big screen, Raster Land Evaluation System, leasing system, CAIC platform investment management cloud services and assets management cloud services etc.

CRERA is a professional real estate market research institution in the industry, aiming to provide professional, authoritative and objective research products and outcomes to government competent authorities, industry associations, real estate development enterprises, intermediary enterprises, financial and research institutions together with ordinary investors via professional market reports, authoritative evaluation results, in-depth research and analyses and precise explanations of opinions.

CRIC Holdings Limited is a wholly-owned subsidiary of E-House.

According to the management of the Company, it has incorporated the business related to CRERA held by the Company into CRIC. The scope of this value analysis includes the consultation business related to CRIC and the evaluation and consultation business related to CRERA.

3.2 Historical Financial Data

3.2.1 Balance sheet

	Unaudited *Unit: RMB'000*
	30 June 2023
Monetary funds	138,665
Accounts receivables	13,179
Other receivables	40,813
Total current assets	**192,657**
Fixed assets	7,869
Intangible assets	23,884
Long-term equity investments	3,298
Right-of-use assets	23,873
Other non-current assets	1,897
Total non-current assets	**60,820**
Total assets	**253,477**
Accounts payables	23,636
Receipts in advance	55,764
Payroll payable	85,099
Tax payables	8,546
Other payables	74,363
Dividends payable	21,841
Lease liabilities	22,929
Total current liabilities	**292,178**
Total non-current liabilities	**–**
Share capital (paid-up capital)	7
Surplus reserves	(62,688)
Total equity attributable to owners of the parent company	**(62,681)**
Minority interests	23,980
Total shareholders' equity	**(38,701)**
Total liabilities and shareholders' equity	**253,477**

3.2.2 Profit statement

Unit: RMB'000

	Audited 31 December 2020	Audited 31 December 2021	Audited 31 December 2022	Unaudited 30 June 2023
Revenue from core businesses	900,534	887,133	527,045	205,277
Taxes and surcharges from core businesses	(6,354)	(5,596)	(2,793)	(1,050)
Cost of core businesses	(248,512)	(274,111)	(243,331)	(135,450)
Gross profit	**645,668**	**607,426**	**280,921**	**69,827**
Marketing and sales expenses				
Administrative expenses	(316,237)	(387,304)	(281,644)	(57,472)
Research and development expenses				
Earnings before interests and taxes	**329,432**	**220,122**	**(723)**	**12,355**
Finance costs	4,363	2,329	268	(499)
Non-operating revenue/expenses	10,599	7,298	9,490	3,210
Profit before tax	**344,393**	**229,749**	**9,035**	**15,066**
Income tax	(58,859)	(39,747)	(14,934)	(1,401)
Net profit	**285,534**	**190,002**	**(5,899)**	**13,665**
Minority shareholders' interests	(115,221)	(27,349)	480	14,471
Net profit-attributable to the parent company	**170,313**	**162,653**	**(5,419)**	**28,136**

Note: Based on information from the management of the Company, it has incorporated the business related to CRERA held by the Company into CRIC. The scope of this value analysis includes the consultation business related to CRIC and the evaluation and consultation business related to CRERA.

The balance sheet as at the Valuation Date includes the consultation business related to CRIC and the evaluation and consultation business related to CRERA. The profit statement for 2020 to June 2023 also includes the consultation business related to CRIC and the evaluation and consultation business related to CRERA.

4. ECONOMIC OVERVIEW

For the analysis of the overall national economy, it mainly considers the gross domestic product (GDP), the current inflation rate and exchange rate as well as the changes. The overall national economy of China is a key aspect in the value analysis. The following discussions on the economy are abstracted from the Economic and Financial Outlook for the Third Quarter of 2023 issued by the Institute of International Finance of Bank of China.

4.1 Economic Growth

In the first half of 2023, the impact of the COVID-19 pandemic in China has decreased significantly, the pressures of supply shock, demand contraction and weakening expectations have eased. The contribution of domestic demand to economic growth increased. China's GDP grew by 4.5% in the first quarter, stronger than the market expectation. Entering the second quarter, the momentum of economic recovery has slowed down due to weak internal impetus and insufficient demand. GDP growth in the second quarter is estimated to be around 6%, which is higher than the first quarter and is attributable to the relatively low base in the same period last year. Looking ahead to the second half, the global economic growth will continue to slow down, and the growth in export will be exposed to pressure. China's economic growth will still mainly depend on how well the domestic demand recovers. Driven by policies to promote consumption and accelerated release of service consumption, consumption is expected to maintain a moderate recovery, infrastructure investment will continue to grow rapidly, and investment in high-tech industries will be a strong support for the growth of manufacturing investment, the real estate market will gradually bottom out, and the decrease in investment in the development of real estates will slowly narrow. GDP is expected to grow by about 4.9% in the third quarter, and by around 5.4% for the year. The uncertainty of the external environment is still relatively large and the growth momentum of the domestic economy is not strong. It is particularly noteworthy that the recent economic recovery is weaker than expected. It is suggested that multiple measures should be taken to stabilize market expectations. The fiscal policy should further be enhanced to stabilize economic growth. The monetary policy should focus on "aggregate, structural and regulatory" to support economic recovery. Facilitate the establishment of a positive cycle of enhancement on organic momentum and improvement of social expectation to form a joint force to expand domestic demand. Pay attention to the impact of sluggish international demand on foreign trade enterprises. The real estate policy should focus on persistently stabilizing expectations and mitigating risks.

4.2 Inflation

The relatively sufficient hog production capacity during the year and the hiking pork price in the second half of 2022 contributed to the moderate rise in food prices. With the improvement in employment and income, residents' demand for durable goods and service consumptions will further release, thereby driving the gradual hiking of the core CPI. Second, PPI decline will gradually narrow due to the domestic economic recovery and fading effect of a high comparison base. Due to the global demand shrinkage and dynamic adjustments to tightening supplies in major production countries, the prices of international bulk commodities such as oil will continue to fluctuate and prices of industrial products will recover steadily with the restoration of demand. In addition, the PPI decrease will narrow gradually with the ebbing negative carryover effect. CPI and PPI are expected to rise by around 0.7% and fall by 2.1% in the third quarter, and increase by about 0.9% and drop by 2.2% for the year, respectively.

4.3 Exchange Rate

In the first half of 2023, the USD-RMB exchange rate surged to around 6.7 before remaining range-bound between 6.8 and 7, followed by a decline to around 7.1 in mid-June, showing a general pattern of two-way fluctuations. As of 20 June 2023, the spot exchange rate of USD against RMB was quoted at 7.17. Three main factors explain the recent depreciation in RMB. First, the US Dollar Index (DXY) was higher in a short term. DXY rose to about 104 in early June as the US core inflation remained high and the market expectation of US tightening was further elevated. Second, the China-US interest rate spread became more inverted. Since mid-May, the inverted spread between the China 10-year Government Bond yield and the US Treasury 10-year yield widened due to a rising of US Treasury 10-year yield and a falling of China 10-year Government Bond yield. As of 20 June, the spread between the China 10-year Government Bond yield and the US Treasury 10-year yield further expanded from -61 BPs in early May to -109 BPs. Third, the domestic economic recovery remained fragile and the sluggish foreign demand undermined exports, affecting the current account surplus and exchange balance. According to the General Administration of Customs of China (GACC), China's trade surplus in May was US$65.8 billion, down 16% from the same period of 2022. According to the State Administration of Foreign Exchange (SAFE) data, the banks' surplus in forex settlement and sale in May was US$3.3 billion, down 39% from the previous month. The banks' surplus in forex settlement and sale on behalf of customers under the current account fell by US$3.8 billion to US$12.9 billion.

5. INDUSTRY OVERVIEW

According to the Outlook on China's Real Estate Industry released in March 2023 by China Chengxin International Credit Rating Co., Ltd. (CCXI), a leading Chinese credit rating and financial securities consulting service provider, it is summarized as follows:

5.1 Industrial Fundamentals

Due to the impacts of the credit risk accumulation of real estate enterprises, the weak demand, the pandemic prevention and control measures, the suspension or interruption of loans as well as other factors, the year-on-year growth in monthly commodity housing sales has been declining for 17 consecutive months since July 2021. The commodity housing sales reached RMB13.3 trillion throughout 2022 across the whole country, representing a significant decrease of 26.7% year on year. It is noteworthy that since the fourth quarter of 2021, major regulatory authorities have released various policies to support the healthy development of the real estate industry. With the implementation of policies on lowering down payment ratios and interest rates of housing loans and the lifting of restrictions on housing purchase and sale, as well as the guidance of the central bank and the CBIRC on improving the liquidity of premium real estate developers, the decrease in commodity housing sales started to narrow from August 2022. Based on the statistics released by China Index Academy, the year-on-year decrease in total sales of top 100 real estate developers has narrowed to 4.8% in January to February 2023.

In terms of changes in the demand, the statistics of the National Bureau of Statistics showed that the proportion of the group aged 65 and above in the total population increased by less than 0.4% each year from 2008 to 2016 and has increased to 14.9% in 2022. The continuous declining birth rate and the accelerated aging population indicated weaker basic housing needs. As of the end of 2022, China's urbanization rate was nearly 65% and there was still certain room compared with that of 70% to 80% in developed countries. However, the marginal improvement will slow down and the urbanization in China will slow markedly in the future. The basic housing needs cannot support the continuous expansion of the real estate market. In terms of the capability and willingness on housing consumption, despite the significant optimization of policies on the domestic pandemic prevention and control in the end of 2022, the pandemic may affect the labors in certain period and it takes time for the recovery in the growth of residents' disposable income. In addition, due to the continuous financial turmoil of real estate developers, there are uncertainties in the delivery and quality of houses, which makes it difficult for the recovery of residents' willingness in housing purchase. The demand changes also facilitated changes in the sales structure of commodity houses. At the beginning of 2022, there was a remarkable scissors gap between the year-on-year growth in the sales areas of uncompleted and completed houses in China and the gap continuously expanded during the year. CCXI believed that under various external adverse factors, the property sales declined significantly in 2022 and the sales in the industry is undergoing recovery currently.

Under the keynote of policies that "housing is for living in, not for speculation", the regulatory policies on the real estate industry have been increasingly stricter in general since the end of 2016 and growth in the sales price of real estate showed a declining trend. According to the statistics of the National Bureau of Statistics, the growth in the price indices of newly constructed commercial residential buildings in 70 large and medium-sized cities (hereinafter referred to as the "**Housing Price Indices**") continued to decrease from 2017 to 2022, representing a decrease from 10.69% in January 2017 to 1.98% at the end of December 2021. Despite the declining trend in the increase of the Housing Price Indices, it maintained the expectation on the surging housing prices. However, the Housing Price Indices of second-hand and newly constructed residential buildings in the remaining areas except tier-1 cities entered the range of declining and the decrease has continuously expanded since 2022, breaking the expectations on the value preservation and appreciation of assets. In terms of the tiers of cities, tier-1 cities maintained strong price resilience thanks to the scarcity of resources and relatively sufficient demands and maintained a growth trend in three years. Their Housing Price Indices recorded a slight year-on-year increase in 2022 with a price performance significantly better than tier-2 and tier-3 cities. The Housing Price Indices of tier-2 and tier-3 cities both began to decrease in 2022. As the prices in tier-3 cities started to decrease earlier than tier-2 cities with larger decreases, they enjoyed the weakest price support. In terms of inventories, due to the sluggishness of the sales market in 2022, the de-stocking of commodity housing further slowed down and the area of commodity housing for sales surged to 560 million square meters, representing a year-on-year increase of 10.5% and hitting a new high since 2019. CCXI believed that the changes in the real estate market environment further expanded the differentiation of tiers of cities and the trend of surging inventories may continue in the future. The keynote of regulatory policies on the real estate industry and the recovery of the demand and the market will determine the trend of housing prices in the future.

In addition, the changes in the external environment also changed the competitive landscape of the industry. Based on the sales concentration of the top 100 real estate developers, the industrial concentration showed a reverse "V-shaped" trend in the latest real estate cycle. From 2016 to 2020, the intensified competitions in the industry resulted in the surging concentration in the industry. The proportion of the sales of top 100 real estate developers in the total real estate sales increased from 44% in 2016 to 63% in 2020. Due to the tightening financing environment, the weak demand and other factors in the second half of 2021, the credit risk of the industry gradually exposed and leading private real estate developers recorded risk events, marking the breaking of the Matthew Effect, the phenomenon that the strong gets stronger and the weak gets weaker, thereby contributing to the declining concentration in the industry. The sales concentration of top 100 real estate developers decreased to 50% in 2022. In addition, there was a significant differentiation in the sales of top 100 real estate developers with different natures. According to the statistics of the CRIC platform, the total sales value of state-owned and central enterprises among the top 100 real estate developers recorded a year-on-year decrease of approximately 15% while the total sales value of private enterprises recorded a year-on-year decrease of approximately 52% in 2022. The decrease in sales of private enterprises continuously expanded since June 2022 due to the tightening cash flows and insufficient supply of private enterprises. The suspension or interruption of loans in the third quarter further weakened the brand recognition of non-state-owned enterprises, resulting in the higher decrease of non-state-owned enterprises than the average of the top 100 real estate developers. On the contrary, the sales decrease of real estate developers with state-owned background was better than the average of the top 100 real estate developers and they enjoyed more competitive advantages under the adverse effects of the external environment. CCXI believed that leveraging on their shareholders' background and the convenient financing conditions, enterprises with state-owned background enjoy more competitive advantages and the competitive landscape with enterprises with state-owned background as major participants has gradually taken shape.

In general, the real estate sales have plunged to the bottom in recent years in 2022 due to the effects of various factors. Although the recovery of the real estate industry was affected by the diminishing demographic dividend, the expected weaker expectation on assets and revenue and the slower urbanization, the sales in the industry has been under recovery underpinned by supportive real estate policies.

As a result of the sluggish real estate sales market and the frequent credit risk events since 2022, the cash generating capacity of real estate developers was continuously deteriorated. Most real estate developers turned to more prudent development and investment strategies instead of the previous debt-driven expansion model and the overall land investment and project development showed a declining trend. In addition, the declining of the Housing Price Indices resulted in uncertainties in the profitability and de-stocking of projects in the future. The willingness and capability of real estate developers in land purchase and investment both plunged significantly.

In terms of centralized land supply in different areas, the centralized land supply was more flexible and normalized in 2022. Unlike only three batches of land supply each year, Wuxi, Suzhou, Nanjing, Shenzhen and Beijing completed the fourth and fifth batches of centralized land supply and Wuhan completed the sixth batch of centralized land supply in the fourth quarter of 2022. In terms of the scale of land supply and based on the statistics of China Index Academy, a total of 1,688 lots of land were under centralized supply in 2022 with 1,506 lots traded. The trading volume decreased 21.39% year on year to RMB1,776.2 billion. Due to the year-on-year decrease in the size of land supply in 2022, the rate of bidding failures was only 10.27%. Based on the trading of land in 100 cities, the trading volume of land in 100 cities was approximately RMB3.78 trillion in 2022, hitting a new low in recent three years and representing a year-on-year decrease of 26%. The premium rate of land traded continuously maintained a low level and the average premium rate for the whole year declined from 10.84% to 3.29%.

In terms of participants in land acquisition, central and local state-owned enterprises (SOEs) remained major participants in land transfer in 2022 and played the role as ballasts in the land transfer market. The land acquisition by non-state-owned enterprises in all batches of centralized land supply was below 20%. Specifically, the land acquisition by central enterprises in the first and second batches of centralized land supply was over 40% while the land acquisition by local SOEs in the third to fifth batches of centralized land supply increased significantly to over 50%. As certain local SOEs in land acquisition are not real estate developers with insufficient development experience and capability, they are unwilling to start construction after land acquisition. In September 2022, the Ministry of Finance released the Circular on Strengthening the Management of the Three Public Expenses and Strictly Controlling General Expenses and the land acquisition by local SOEs in the sixth batch of centralized land supply decreased significantly. On the whole, central and state-owned enterprises will remain major participants in the land market in the following period.

In terms of real estate development and construction, the investment in real estate development reduced as a result of the continuous sluggishness of the industry and other adverse factors such as the pandemic in 2022. The new construction area of properties and the real estate development investment recorded a year-on-year decrease of approximately 39% and 10% in 2022, respectively. The real estate development investment witnessed a year-on-year decrease for the first time since the outbreak of the pandemic in 2020 and plummeted to a new low in recent five years. With the alleviation of credit risk in the industry and the gradual showing of effects of supportive policies on the real estate industry in 2023, the investment in real estate development is likely to recover from the bottom this year.

In terms of the financing end and under the keynote of policies that "housing is for living in, not for speculation", major regulatory authorities have released a series of policies and guided financial institutions to meet the reasonable financing demands of real estate developers since the fourth quarter of 2021. It has developed a pattern with "three arrows" to support financing by real estate developers recently. But the recovery of the industry remains to be seen. In terms of bank credit, after the Financial Stability and Development Committee of the State Council convened a special meeting in March 2022, the margin of credit policies of financial institutions on the real estate industry was improved. The total amount of domestic loans and personal mortgage loans recovered after reaching the bottom in August and the decrease started to narrow. On 13 November 2022, the central bank and the CBIRC jointly released the Notice on Providing Financial Support for the Stable and Healthy Development of the Real Estate Market (hereinafter referred to as the "**16 Measures**"), which encourages banks to provide reasonable lending to real estate developers, relaxes financial management policies on two caps on real estate loans and individual housing loans for certain period and lifts the restrictions on real estate investment with trust funds. Subsequently, the CBIRC, the Ministry of Housing and Urban-Rural Development and the PBOC jointly issued the Circular on Issuing Letters of Guarantee by Commercial Banks to Replace Pre-sale Regulatory Funds, which supports high-quality real estate developers to reasonably use the pre-sale regulatory funds and promote the virtuous cycle and healthy development of the real estate industry. However, based on the absolute amount, the total amount of domestic development loans and mortgage loans in 2022 was only that of a half of 2020. CCXI believed that financial institutions are more willing to grant loans under the favorable credit policy environment. With the gradual recovery of sales, the investment activities in the real estate industry will gradually increase and more investment targets will be released in the market. It is expected that the absolute amount of development loans and personal mortgage loans will recover this year.

In terms of the bond market, due to the tightening financing and the declining collection of sales in 2022, bond issuers in the real estate industry experienced frequent credit risk incidents. Non-state-owned real estate developers generally face tight liquidity and real estate developers with state-owned background are major participants in the bond issuance market. In 2022, 69 bond issuers in the real estate industry experienced credit risk incidents and the number of credit risk incidents was 2.71 times of that of 2021. As of the end of 2022, the amount of domestic and overseas credit bonds issued by real estate developers with liquidity difficulties accounted for 43% of the credit bonds of all real estate developers and a great majority of real estate developers with liquidity difficulties are private enterprises. The amount of credit bonds with private real estate developers involved accounted for 67% of the balance of the credit bonds of all private real estate developers. With the increase in the default of domestic bonds, there were also frequent defaults of overseas USD-denominated bonds issued by real estate developers. Public information shows that it recorded defaults of overseas bonds with approximately US$36.979 billion (approximately RMB250.348 billion) issued by a total of 43 real estate developers throughout 2022. It is noteworthy that some real estate developers in risks have successfully promoted the overall debt restructuring since the second half of 2022, showing the recovery of creditors' confidence. Currently, the solutions on domestic and overseas debts of real estate developers in risks are generally under the initial discussion stage and the progress of debt restructuring is noteworthy. The frequent credit risk events in the domestic and overseas bond markets for real estate developers seriously weakened investors' confidence. Throughout 2022, the net financing of real estate developers through domestic bonds was RMB-52.6 billion while the net financing of private real estate developers was RMB-164.834 billion. With the significant increase in the size of due overseas USD-denominated bonds issued by real estate developers, the size of issuance shrank sharply. The net financing recorded a net outflow of US$33.991 billion. Unlike the frustration in refinancing in the open market for non-state-owned enterprises, the bonds issued by real estate developers with state-owned background surged (with a net inflow of RMB112.2 billion) in 2022, reaching the peak since 2017. The refinancing channels for a great majority of state-owned real estate developers in the bond market were smooth. In terms of the maturity of bonds, the maturity (including the sell-back) of bonds issued by real estate developers will reach the peak (with RMB356 billion) in 2023 in the following three years and over half of the bonds will face maturity (including the sell-back) in the first half. About half of the bonds facing maturity (including the sell-back) in the year were bonds issued by private real estate developers. Under the background with the refinancing of private real estate developers through bonds not fully recovered, the redemption of mature bonds still faces certain uncertainties.

Major regulatory authorities have released a series of policies to support real estate developers in gradually recovering financing channels in the bond market since 2022. In May 2022, major regulatory authorities guided financial institutions in the creation of the credit risk mitigation warrant (CRMW) to support the issuance of bonds by private real estate developers. In August 2022, under relevant regulatory guidance, China Bond Insurance Co., Ltd. (hereinafter referred to as the "**CBIC**") provided full, unconditional and irrevocable joint and several liability guarantees for the medium-term notes issued by private real estate developers. On 8 November 2022, under the support and guidance of the PBOC, the National Association of Financial Market Institutional Investors (hereinafter referred to as the "**NAFMII**") continuously promoted and expanded the utility of the instruments for private enterprises' bond financing (the "**second arrow**") and supported private enterprises, including private real estate developers, in financing through the issuance of bonds. Currently, the financing supportive policies are conducive to boosting the market confidence and the bond financing channels of state-owned and central enterprises were recovered with the net financing amount recovering to the level of 2018. However, it still takes time to recover investors' confidence in corporate bonds issued by private real estate developers. In terms of trust financing, the funds for real estate development from domestic loans have been declining year on year since 2022 and decreased by 27.4% by August 2022. Meanwhile, real estate trusts and bonds of real estate developers have been continuously shrinking. As of the end of September 2022, the balance of real estate trusts was RMB1,280.7 billion, representing a decrease of RMB480.8 billion as compared with the end of 2021. Despite that the "16 Measures" supported the lifting of restrictions on investment in real estate through trust channels and considering the shrinking of the overall planning on the real estate industry, the narrowing profitability of projects, the increasingly prudent land investment and project development and the continuous reduction of real estate projects with matched trust funds, it is expected that the balance of fund trusts to be invested in the real estate sector will further decrease.

In terms of the third arrow, the China Securities Regulatory Commission (CSRC) decided to resume the refinancing by listed property companies and listed companies in the property sector on 28 November 2022. It is noteworthy that the resuming of equity financing channels by listed property companies and listed companies in the property sector is of significance and is conducive to improving the capital structure of listed property companies. Considering the relatively complicated approval procedures for equity financing, it still needs to pay attention to the subsequent implementation of financing.

CCXI believed that with the gradual changes of policies on the industry from the fourth quarter of 2021, it continuously boosted supports in market supply and demand as well as financing through multi-dimensions in the following more than one year, fully demonstrating the determination of relevant regulatory authorities in maintaining the healthy development of the real estate industry. Currently, the policy environment of the real estate industry is further improved and various refinancing channels for real estate developers are recovered, full showing the positive role of supportive real estate policies in boosting market confidence and improving the financing environment for the industry.

5.2 Performance of Sample Enterprises

CCXI selected top 50 real estate developers in terms of the sales size in 2022 as samples. Relevant indicators on total debts were calculated based on the formula attached to this report and no adjustment was made for single items. The sales amount on the equity caliber in previous years was based on the statistics of the CRIC platform. The total contracted sales of sample enterprises on the equity caliber accounted for about 30% of the total sales of commodity houses nationwide in 2022. Due to the fluctuations of the prosperity of the industry, the excluding of certain leading real estate developers in samples and other factors, the concentration was still representative to certain extent despite certain decrease as compared with the previous year.

In terms of the contracted sales amount, the sales amount of sample real estate developers had maintained a double-digit growth since 2019. But the trend was changed in 2021. With the rapid cooling of the real estate market in the second half of 2021, the sales amount for the whole year achieved a slight increase of 0.86% year on year. Due to the impacts of the pandemic, the external economic situation and other various adverse factors in 2022, the sales amount of sample enterprises for the whole year decreased 36.51% year on year, nearly 10 percentage points higher than the decrease in the sales of the whole industry. The sales performance of sample real estate developers also differentiated. Only three of the sample real estate developers recorded positive growth in sales performance in 2022. Nine of them recorded a decrease of less than 20% in sales performance, all being state-owned and central enterprises. 16 real estate developers recorded a decrease of 20% to 40% in sales performance, five of which are private real estate developers. The remaining 22 real estate developers recorded a decrease of over 40% in sales performance and most of them are private real estate developers. In general, under the background of the downward market, the sales performance of private real estate developers underperformed state-owned and central enterprises on the whole.

In terms of total assets, the average total assets of sample real estate developers maintained a growth trend in the past five years. But the growth slowed down year by year and reached a single digit in 2021. It recorded negative growth for the first time as of the end of June 2022. In terms of the samples, 10 of the sample enterprises recorded shrinkage in assets with a decrease of less than 10% since 2021. As of the end of the first half of 2022, 31 of the sample real estate developers recorded decreases in assets and two of them recorded a decrease of more than 10%. Due to the tightening financing environment for the real estate industry and the sales decrease since 2022, real estate developers repaid due debts with their own funds and the balance of monetary funds decreased significantly as at the end of the period. Meanwhile, as a result of the tight liquidity, real estate developers slowed down in land acquisition and development and the size of inventories reduced remarkably. In addition, certain real estate developers with high pressures on the repayment of debts also disposed assets for liquidity. In general, the current financing environment for real estate developers have not been fully recovered, real estate developers will still face difficulties in liquidity and it is expected that the size of assets of sample real estate developers will maintain the trend of negative growth by the end of the year and in the short term.

In terms of the net asset, the average net asset and the average minority shareholders' interests of sample real estate developers maintained growth in the recent five years and one period. The increase in the net asset was driven by the rapid growth of minority shareholders' interests to certain extent, but the spread between the increases in the two items was narrowed rapidly in recent years. Based on specific samples and as of the end of the first half of 2022, a total of 24 real estate developers recorded shrinkage in net asset with the highest shrinkage of up to 20.3%. Among them, the decrease in the net asset of certain sample real estate developers was mainly affected by the profit and loss and some sample real estate developers recorded decreases in minority shareholders' interests due to the significant decrease in cooperative development projects or the disposal of cooperation projects. In addition, some real estate developers recorded decreases in minority shareholders' interests due to the debt-equity swap of "equity in the debt nature" under the cooperation with financial institutions after the exposure of the liquidity risk. On the whole, with the gradual transfer of cooperation projects and under the pressures on the profitability of projects, we believe that the net asset at the end of 2022 may remain the same level as that of mid-2022 or due to the lag in revenue recognition, the items transferred in the corresponding period are generally buildings previously achieved contracted sales. With the continuous implementation of policies on restricting prices in recent years in different areas, real estate developers still face pressures on narrowing profitability in the initial period of projects. Based on the initial profitability of sample real estate developers, the average gross profit margin of sample real estate developers was 29.63%, 32.53%, 31.02%, 25.65%, 19.94% and 17.58% from 2017 to 2021 and in the first half of 2022. As most of projects transferred by real estate developers in recent two years are land acquired in 2018 to 2019 when the land premium rate was relatively high and hot cities in China implemented policies restricting the prices of commodity houses, we expect that the profitability of real estate projects in 2022 may maintain the declining trend. With the rational land acquisition and the provision of impairment for projects with prices lower than costs after 2020, the pressures on the declining profitability of projects in the initial period may be reduced. Under the background with decreases in the overall gross profit of projects in recent years, the improvement of the turnover rate of projects and strengthening the management and control of fees will enhance the profitability of real estate developers. In terms of the turnover rate, the median turnover rate of inventories of sample real estate developers was 0.38 time, 0.35 time, 0.34 time, 0.35 time and 0.39 time from 2017 to 2021, respectively, which is opposite to the trend of the gross profit margin. The turnover rate of inventories of sample real estate developers reached a phased low level in 2019 and sped up in recovering in recent two years. The improvement of the turnover rate of inventories was attributed to the improvement of the operation efficiency of sample real estate developers and the slower pace in land expansion to certain extent. We believe that under the industrial background with the continuous decrease in commodity housing sales and the transform of demand from basic housing needs to improving housing conditions, real estate developers will emphasize the turnover speed and may attach more importance to the improvement of the quality of their own projects in the future. In terms of the fees during the period, the average rate of fees of sample real estate developers was 8.45%, 9.66%, 9.29%, 7.95%, 8.42% and 10.57% from 2017 to 2021 and in the first half of 2022, showing a trend of increasing first and decreasing later. The average sales fees and management fees of sample real estate developers in the first half of 2022 recorded a year-on-year decrease of 12.45% and 15.12%, respectively, and the proportions of the sales fees and management fees in the business revenue reduced slightly as compared with the same period of last year. Due to the decrease in the area of real estate projects started construction, the amount of interest expenses meeting the capitalization conditions reduced. The higher proportion of interest expenses contributed to the higher proportion of financial expenses in the business revenue in the first half of 2022, which is 1.61 and 2.25 percentage points higher than that of the first half of 2021 and throughout 2021, driving the increase of the rate of fees during the corresponding period. Considering the currently slower transfer of revenue of real estate developers and the mismatching of sales, management and financial fees with business revenue during the period, the rate of fees will still face certain upward pressures in the short term.

In terms of the net profit margin of sample real estate developers, due to the narrowing profitability of projects in the initial period, the decrease in settlement income driven by the less prosperity of the market and the increase in the provisions for asset-credit impairment by enterprises, the net profit margin of sample real estate developers continuously showed a declining trend since 2018. The net profit margin of sample real estate developers has fallen to 3.12% in the first half of 2022. Considering the above factors, it mainly measured the debt repayment pressures of real estate developers in the short and medium-to-long terms from the short-term liquidity and leverage based on the monetary funds/short-term debts and the net debt ratio. As of the end of June 2022, the average net debt ratio and the monetary funds/short-term debts of sample real estate developers was 82% and 1.45 times, representing an increase of 6.87 percentage points and a decrease of 0.21 time as compared with the end of 2021, respectively. The deterioration of the leverage and short-term debt repayment indicators of sample real estate developers in the first half of 2022 was mainly due to the weak collection of sales and higher refinancing pressures, and the balance of monetary funds of real estate developers decreased as compared with the beginning of the year. Besides, sample real estate developers also faced higher pressures on short-term debts. Their total short-term debts in the first half of 2022 increased slightly as compared with the end of 2021. Considering that the current collection of sales is prioritized in guaranteeing the "delivery of buildings" for projects, the size of monetary funds available for the redemption and repayment of credit bonds reduced and the actual liquidity pressures of sample real estate developers are more pessimistic than the results of the above indicators. Despite that the introduction of "three arrows", the "16 Measures" and other supportive policies in the second half will facilitate the recovery of financing channels for real estate developers, the net financing of real estate developers will maintain net outflows. As it takes time to achieve recovery in sales performance, real estate developers will still face difficulties in liquidity.

5.3 Conclusion

After a round of alleviation of risks in the real estate market in 2022, the market size declined to the level in 2017 rapidly. Although the recovery of the real estate industry was affected by the diminishing demographic dividend, the expected weaker expectation on assets and revenue and the slower urbanization, the sales in the industry has been under recovery at the bottom underpinned by continuous efforts under supportive policies on market supply and demand as well as financing through multi-dimensions since the changes of policies on the industry in the fourth quarter of 2021. Meanwhile, as the development scale and land investment in the industry have reached the bottom in 2022, it has developed a new pattern with central enterprises and real estate developers with the state-owned background as major participants in the land market. With the narrowing of potential profit, investment activities in the industry are expected to achieve rational returning in the future. The continuous improvement in the margins of the financing environment will facilitate the recovery of refinancing by real estate developers. Currently, financial institutions are more willing to grant loans and the policies on boosting the real estate industry also play an active role in reshaping the market confidence. In our opinion, currently, the alleviation of the credit risk in the industry has come to an end and the credit fundamentals of the industry have reached the bottom. There was little chance for the spreading of the credit risk and the triggering of a new round of credit risk crisis.

6. VALUATION METHODOLOGY

6.1 Approaches of Value

Generally, there are three valuation approaches: the cost approach, the market approach and the income approach. The three valuation approaches are summarized as follows:

The cost approach is a technique that uses the reproduction or replacement cost as an initial basis for value. The cost to reproduce or replace the subject asset with a new asset, either identical (reproduction) or having the same utility (replacement), establishes the highest amount a prudent investor is likely to pay. To the extent that the asset being valued provides less utility than a new one, due to physical deterioration, functional obsolescence, and/or economic obsolescence, the value of the subject asset is adjusted for those reductions in value. Adjustments may be made for age, physical wear and tear, technological inefficiencies, changes in price levels, and reduced demand, among other factors.

The market approach is a technique used to estimate value from an analysis of actual transactions or offerings for economically comparable assets available as of the Valuation Date. The process is essentially that of comparison and correlation between the subject asset and similar assets that have recently sold or are offered for sale in the market. The transaction or offering prices of the comparable assets are adjusted for dissimilarities in characteristics including location, age, time of sale, size, and utility, among others. The adjusted prices of the comparable assets provide an indication of value for the subject asset.

The income approach explicitly recognizes that the current value of an asset (liability) is premised on the expected receipt (payment) of future economic benefits (obligations) generated over its remaining life. These benefits can be in the form of earnings, net income, cash flow, or other measures of profitability and should include the proceeds from final disposition as well as cost savings and tax deductions. Value indications are developed by discounting expected benefits to their present value at the required rate of return that incorporates the time value of money and risks associated with the particular asset.

The discount rate selected is generally based on expected rates of return available from alternative investments of similar type, quality, and risk as of the Valuation Date.

In the valuation process, we have considered the above-mentioned three generally recognized valuation methods, namely the cost approach, the market approach and the income approach. The cost approach applies to certain valuations, but it generally does not apply to the value analysis of a going concern business as it does not consider the future profitability potential of enterprises, as a result, the cost approach was not adopted in the valuation analysis.

The existing capital market is fully developed and filled with vitality, and there is a sufficiency of information on the same or similar companies or transactions with the Target Company in the capital market, it is feasible to collect and obtain market and financial information. Since there are sufficient public companies in similar nature and business to that of CRIC, their market values are good indicators, market approach is adopted in the value analysis. Since income approach involves many assumptions of the company's financial forecast, due to the uncertainty of the future performance, the income approach is not selected and the market approach is used in valuation of equity value for the Target Company.

6.2 Market Approach

6.2.1 General assumptions

- Assuming that during the current and future existence of CRIC, there will be no material changes in the relevant laws and regulations, industry policies, fiscal and monetary policies, and the economic environment in which it is located;

- Assuming that the tax policy applicable to CRIC will not undergo material changes, and CRIC has no major tax disputes;

- Assuming that there will be no significant changes in the currently available interest rates and exchange rates;

- Assuming that CRIC will remain operating in the future and has sufficient operating capital and human resources to achieve its financial forecast;

- Assuming that there will be no unforeseeable significant changes in the future operating plans, costs, marketing and sales of CRIC in the course of its operations;

- Assuming that all related party transactions are fair and reasonable, and are based on arm's length negotiation;

- Assuming that CRIC has no undisclosed actual or contingent assets or liabilities, unusual obligations or substantive undertaking, and no litigation pending or threatened that would materially affect the value of CRIC's shareholders' equity;

- Assuming that CRIC has responsibly performed its obligations as an asset owner and has competently undertaken effective management of the relevant assets; and

- Assuming that there is no other important information that affects the value analysis of CRIC except for the information provided by the Company.

6.2.2 Market approach analysis

One methodology employed in the market approach is the Guideline Company Method ("**GCM**") and Guideline Transaction Method ("**GTM**"), that employs the transaction price of companies engaged in similar business of the Target Company. The process is essentially that of comparison and correlation between the subject asset and similar assets or businesses that have been the subject of a relevant transaction. A valuation multiple is a multiple determined by dividing the transaction price paid for similar business enterprises by appropriate financial metrics, such as historical or prospective turnover or profit at a given level. Valuation multiples are applied to the corresponding financial metrics of the subject asset in order to value it. Adjustments are required to the transaction prices or valuation multiples to reflect the differentiating characteristics of the subject enterprises and the comparable business enterprises.

As there are several listed companies with similar business in the industry where the Target Company operates, the market approach – Guideline Company Method was adopted in the value analysis. The main business of the Target Company is to provide real estate big data systems and marketing analysis systems for real estate enterprises, government, finance and asset management enterprises, among others. The main products of the Target Company are CRIC platform systems, consulting services and real estate developer evaluation services.

The selection criteria for comparable companies in this value analysis are as follows:

- Comparable companies are companies listed in Mainland China or Hong Kong;
- Being in the same industry as the Target Company, i.e. mainly (over 40% of the total business revenue) engaged in digitalization services, data provision and IT consulting services, which are applied to the real estate/government/finance and other sectors;
- The primary business descriptions/target client's industries stated in the comparable companies' official websites include the real estate sector;
- Being accessible to public information for financial data of comparable companies;
- The estimated net profits for 2023 of comparable companies (except for Ming Yuan Cloud, the competitor) are available.

Based on the above principles, the details of the four comparable companies selected are as follows:

Company	Ticker	Listing location	Business description	Market capitalization (CNY mm)	Revenue from business segments as percentage of total revenue
Ming Yuan Cloud Group Holdings Limited	SEHK: 909	Hong Kong	Ming Yuan Cloud is a real estate software solution provider, focusing on providing ERP solutions and SaaS products at the enterprise level for real estate developers and other users, with functions such as sales and marketing, cost procurement, project management and real estate asset management.	7,769	Cloud services: 78.5% On-premise software and services: 21.5%
HAND Enterprise Solutions Co., Ltd.	SZSE: 300170	Shenzhen	HAND, founded on 10 August 2007, an integrated operator of data SaaS tools and marketing services to empower China real estate market (in particular, the commercial property market) with big data and innovative technologies. The company has established its big data center, R&D center, technology development department, land business department, commercial property and office department and other departments with a team consisting of more than 600 outstanding data R&D and professional analysts and branches across major cities in China.	10,331	Software service industry: 99.6% Business factoring: 0.2% Unallocated others: 0.1%
iSoftStone Information Technology (Group) Co., Ltd.	SZSE: 301236	Shenzhen	iSoftStone Information Technology (Group) Co., Ltd. ("**iSoftStone**") is a leading Chinese software and information technology service provider committed to becoming a globally influential leader in digital technology services and a reliable partner for enterprise digital transformation. Founded in Beijing in 2005, the company is based in China and serves global markets. Currently, it has nearly a hundred branches and over 20 global delivery centers in more than 40 cities worldwide, with a workforce of over 90,000 employees. Upholding the mission of enhancing customer value through digital technology, iSoftStone has been providing software and digital technology services as well as digital operation services. The software and digital technology services include consulting and solutions, digital technology services, and general technical services. With extensive industry experience, the company serves over 1,000 domestic and international clients in more than 10 key industries, including over 200 Global Top 500 or China's Top 500 companies.	22,756	Communication equipment[1]: 45.2% Internet service: 19.0% Financial technology: 19.9% High technology and manufacturing: 12.2% Others:3.7%

Company	Ticker	Listing location	Business description	Market capitalization (CNY mm)	Revenue from business segments as percentage of total revenue
Guangzhou Sie Consulting Co., Ltd.	SZSE: 300687	Shenzhen	Established in 2005, SiE, as a "National High-Tech Enterprise", is a top-tier products and solutions provider in the fields of industrial network, intelligent manufacturing, core ERP, and business operation middle platforms in China. SiE is dedicated to offering digital and intelligent manufacturing products, as well as implementation and delivery services such as system deployment, online operation, and post-launch maintenance to group enterprises and medium to large-sized corporate clients in industries such as manufacturing, retail, and modern services. SiE has served over 1,000 leading enterprises. According to IDC, SiE holds the top market share in the high-tech electronics and computer communication sector. In 2018, SiE was recognized as the "Guangdong Province Internet Smart Manufacturing (SiE) Engineering Research Center,' and in 2022, it received numerous prestigious accolades, including the "Guangdong Province Science and Technology Progress Award, First Prize".	9,520	Software service: 100.0%

Source: S&P Capital IQ

(1) According to the annual report, the revenue of communication equipment mainly included software project research, analysis and design, maintenance services, loading service, development and testing, operation, etc. In addition, according to the annual report, the revenue regarding digital innovation business represented 43.4% of total revenue.

It is believed that the selection of comparable companies is exhaustive based on the above selection criteria.

In the course of our valuation, we have considered various price multiples including the price-to-book (P/B) multiple, price-to-earnings (P/E) multiple, and enterprise value-to-sale (EV/S) multiple. P/B multiple is considered not appropriate for the valuation of the Target Company because book value captures only the tangible assets of a company which, if a company creates any added market value (as reflected by a P/B multiple of larger than one), should have its own intangible competencies and advantages. These intangible competencies and advantages are not captured in the P/B multiple and so in general, the equity's book value has little bearing with its fair value. Thus, the P/B multiple is not adopted in the valuation analysis of the equity value for the Target Company.

EV/S multiple is commonly used in the valuation of start-up enterprises. However, it ignores the cost structure of a company and hence the profitability of a company. Hence, we are of the view that it is not appropriate to adopt the EV/S multiple to value the equity value for the Target Company.

The P/E multiple has been adopted for valuation as it is one of the most commonly adopted multiple and could consider the profitability and the cost structure of the Target Company.

After selecting the above-mentioned comparable companies and the appropriate P/E multiple, we analyzed and calculated the equity value for the Target Company, details of which are described as below:

Comparable company approach	**Stock code**	**• P/E ratio 31 July 2023**
Ming Yuan Cloud	SEHK:909	NM
HAND	SZSE:300170	32.15
iSoftStone	SZSE:301236	17.82
SiE	SZSE:300687	27.56
Maximum		32.15
Minimum		17.82
Average		25.84
Median		27.56
Selected value multiplier		**25.84**

We multiplied the selected P/E multiple by annualized net profit in 2023 of the Target Company to arrive at the equity value of the Target Company.

Based on the financial data provided by the management, the net profit of the Target Company from January 2023 to June 2023 was RMB28,136,000, and the annualized net profit was RMB56,272,000. The equity value of the Target Company without taking into account the control premium and the lack of marketability discount was calculated to be RMB1,454,262,000 on the basis that the average estimated P/E of comparable companies selected in 2023 was 25.84 times.

6.2.3 Lack of marketability discount

The concept of marketability deals with the liquidity of an ownership interest, that is how quickly and easily it can be converted to cash if the owner chooses to sell. The lack of marketability discount reflects the fact that there is no ready transaction market for shares in privately held companies. Ownership interests in privately held companies are typically not readily marketable compared to similar interests in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company.

The Finnerty model is adopted in this valuation analysis to estimate the lack of marketability discount (LOMD) using the Average-price Asian put option method. The Finnerty model adopts the Average-price Asian put option to estimate the LOMD, which is referred to as the AAP model. The exercise price of the Average-price Asian put option is the average of the market prices of the assets over the term of the option. It assumes that even in the absence of marketability constraints, investors will rarely be able to realize the assets at the highest price, so it is more reasonable to assume that they will sell at the average price.

The parameters adopted in LOMD calculation are summarized as below:

Valuation Date		**31 July 2023**
Time to maturity (Years)	T	5.00
Volatility (%)	δ	62%
Dividend yield	q	0%
LOMD		**27%**

6.2.4 Control premium

As the minority shareholdings underpin the market capitalization of listed companies, and the determination of the fair value of 100% equity interest in the Target Company is based on the value of the controlling shareholdings and the minority shareholders relatively lack control over significant aspects of the business strategy, financial management and profit distribution of the Target Company, thus it is necessary to take into account the control premium in determining the 100% equity interest in the Target Company using the Guideline Company Method.

Premium for control is the additional value inherent in the controlling interest, as contrasted to a minority interest that reflects the power of control. The thousands of daily transactions on stock exchanges are, of course, minority interest transactions. The public markets provide information on control premiums through acquisition transactions. When a controlling interest in a publicly traded firm is acquired and taken private, the purchaser normally pays a premium above the freely traded, minority interest share price. The difference between the closing price of the shares before their acquisition and the purchase price of the controlling interest is referred to as the control premium.

To estimate the control premium applicable to the Target Company, we relied on indications of average control premium from data on the recent four years (in common practices, normally three to five-years data would be selected) acquisition transactions in the companies engaged in real estate business sourced by Capital IQ. As indicated by market data (i.e the data from Capital IQ), a 25% control premium was considered to be appropriate.

The selected control premium from data on the recent four years acquisition transactions are as below:

Transactions Announced Date	Target/Issuer	Buyers/Investors	Industry Classifications Target/Issuer	Percent Sought (%)	Target Stock Premium – 1 Month Prior (%)
2021/7/7	Magnolia Bostad AB (publ) (OM:MAG)	Andersson Real Estate Investment Management; Holmstrom Fastigheter AB	Real Estate (Primary)	100	31.03
2021/1/11	Quabit Inmobiliaria, S.A.	Neinor Homes, S.A. (BME:HOME)	Real Estate (Primary)	100	15.75
2019/10/27	TLG Immobilien AG (XTRA:TLG)	Aroundtown SA (XTRA:AT1)	Real Estate (Primary)	77.5	26.17
2019/9/25	AGROB Immobilien AG (DB:AGR)	Apollo Capital Management, L.P.	Real Estate (Primary)	75.02	25.98
2019/9/17	Times Universal Group Holdings Limited (SEHK:2310)	–	Real Estate (Primary)	60.17	33.04
2021/3/26	Eastern & Oriental Berhad (KLSE:E&O)	Amazing Parade Sdn. Bhd.	Real Estate (Primary)	57.29	42.86
2020/6/29	Consus Real Estate AG (XTRA:CC1)	Adler Group S.A. (XTRA:ADJ)	Real Estate (Primary)	50.97	17.02
Average (Rounded)					**25.00**

7. CONCLUSION OF VALUE ANALYSIS

Based on the information provided by the Company and the restrictions on our working procedures and the scope of our work as well as relevant basic and particular assumptions, we conducted analysis and estimation on the indicative value of the market value of 100% equity interests in the Target Company as of the Valuation Date by using the market approach and the results were RMB1,327,014,000.

Unit: RMB'000

Price earnings ratio of comparable companies selected	**a**	**25.84**
Imputed annual net profit on 31 July 2023	b	56,272
Equity value (without taking into account the lack of marketability discount and control premium)	**c=a*b**	**1,454,262**
Lack of marketability discount	d	27%
Control premium	e	25%
100% equity value after taking into account the lack of marketability discount and control premium	**f=c*(1-d)*(1+e)**	**1,327,014**

Note: Some figures may not be exactly computed due to rounding.

Based on the Target Company's financial performance and the market data of comparable companies, we consider that the value of the Target Company as at 10 December 2023, would not be materially different from the market value of the Target Company as of the Valuation Date and the difference would be within 5%.

ASSUMPTIONS AND LIMITATION CONDITIONS

This report is based on the following general assumptions and restrictions:

To our knowledge, any data (including historical financial data) included as basis for forming opinions and results or proposed in this report (if any) are truthful and accurate. Although we believe that the information sets out in this report is accurate, we provide no guarantees or assume no responsibilities on the truthfulness of any data, opinions or valuation conclusions provided by others herein.

The valuation conclusion and opinion proposed herein are based on the economic conditions on the valuation date and the purchasing power of the currency in the report. The corresponding valuation date of the valuation conclusion and opinion is set out in the report.

This report is only limited to the purposes set out herein and is not intended or appropriate for other aspects. It is not appropriate for any other uses or purposes or shall not be used for other purposes by any third parties. The Company hereby states that we will not assume responsibilities for any damages and/or losses from any unexpected uses.

Any part of this report (any conclusions, signatures and individuals associated with this report and the time of their association, the reference to their associated professional associations or organizations, or the designated contents of the abovementioned organization in particular) shall not be disclosed to third parties through any of prospectus, advertising and publicity materials, public relations or news without our written consent and approvals.

Unless otherwise stated in this report, we did not plan or carry out any environmental impact study. Unless otherwise stated, defined or explained in this report, we believe the full compliance with applicable laws and governmental regulations. We also believe that any ownership related to this valuation report is reliable and any necessary licenses, written consents or any other applicable regulations or administrative procedures of governmental departments or private organizations have been completed or updated.

Unless otherwise stated in this report, the value valuation sets out in this report particularly excludes the impact of the following substances, such as the presence of any harmful substances including asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials or of structural damage or environmental contamination. Readers of this report are advised to seek the advices from a qualified structural engineer and/or industrial hygienist on potential structural/environmental defects as well as the potential impact of the existence of such problems on the value valuation.