

## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

### OUR CONTROLLING SHAREHOLDERS

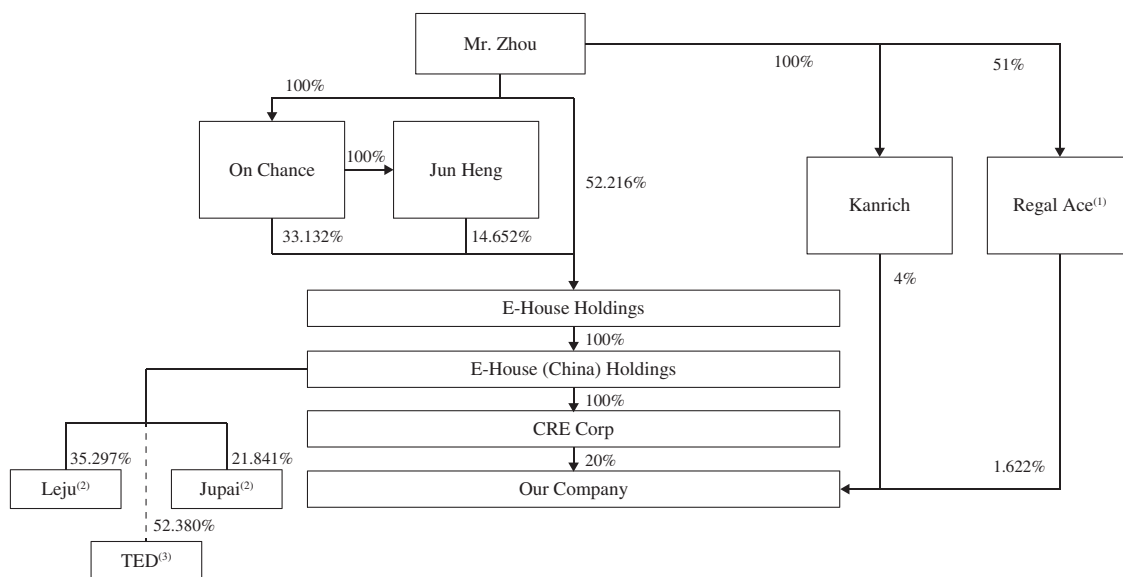
Prior to 16 March 2018, Mr. Zhou held more than 30% of our Shares through On Chance, Jun Heng, Kanrich, E-House Holdings, E-House (China) Holdings and CRE Corp (all being companies which are directly or indirectly wholly-owned by Mr. Zhou). Therefore, these companies and Mr. Zhou constituted our controlling shareholders, being a group of persons together entitled to exercise more than 30% of our Shares.

Following the completion of the Pre-IPO Investments and the transfer of a 1.622% interest in our Company from CRE Corp to Regal Ace (both being companies controlled by Mr. Zhou), Mr. Zhou and entities controlled by him had a combined shareholding of 25.622% of our Shares as at the Latest Practicable Date. See the section headed “History, Reorganisation and Corporate Structure – Our Corporate Reorganisation – Reorganisation of certain interests in our Company” for further details.

Although our Controlling Shareholders ceased to hold more than 30% of our Shares since 16 March 2018, they together remain our single largest Shareholder and remain the Controlling Shareholders of our Company (within the definition of the Listing Rules) for the following reasons: (i) they are able to control the composition of a majority of our Board (and therefore all material matters relating to the Company) pursuant to the Shareholders’ Agreement, and (ii) they are the only parties which have exerted influence on the management of the Group since at least 1 January 2017 and accordingly, there has not been any change in the influence on management since at least 1 January 2017.

Upon Listing, the Shareholders’ Agreement among our Controlling Shareholders and our Pre-IPO Investors will automatically terminate in accordance with its terms, our Controlling Shareholders will cease to be in a position to control the composition of a majority of our Board and therefore will each cease to be a controlling shareholder of our Company as defined under the Listing Rules. See the section headed “History, Reorganisation and Corporate Structure – Our Corporate Reorganisation – Pre-IPO Investments – Special rights of the Pre-IPO Investors” for more details of the Shareholders’ Agreement.

Below is an illustration of our Controlling Shareholders’ interest in our Company immediately prior to completion of the Global Offering:



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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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*Notes:*

- (1) *Regal Ace is held as to 49% by Mr. Shou Bainian (壽柏年), an Independent Third Party.*
- (2) *Leju and Jupai are companies listed on the NYSE.*
- (3) *TED is a company listed on National Equities Exchange and Quotations.*
- (4) *----- represents indirect shareholding interest*
- (5) *————— represents direct shareholding interests*

Mr. Zhou is also one of our executive Directors and the chairman of our Board. See the section headed “Directors and Senior Management – Directors – Executive directors” for Mr. Zhou’s biographical information.

E-House (China) Holdings is a substantial shareholder of two companies listed on the NYSE, namely Leju (held as to 35.297% as of the Latest Practicable Date) and Jupai (held as to 21.841% as of the Latest Practicable Date), and a company listed on National Equities Exchange and Quotations, namely TED (indirectly held as to 52.380% as of the Latest Practicable Date). Leju is primarily engaged in online real estate related businesses, including online real estate advertising, e-commerce services and online listing services, and integration of online platform with offline real estate transaction services and support (online-to-offline services). Jupai is a wealth management service provider focusing on distributing wealth management products and providing related advisory services to high-net-worth individuals in China. TED is primarily engaged in the business of providing public relations services to real estate developers and organizing publicity events for real estate development projects.

## INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

### **Clear delineation of business**

Although Leju is also involved in the sale and marketing of real estate, Leju’s business model mainly involves the provision of services through the internet to facilitate the sale and purchase of real estate, whilst our business model concerns the primary sale and purchase of real estate itself. In particular, Leju does not provide real estate agency services in primary market in the PRC, therefore our Directors are of the view that Leju’s business is clearly delineated from that of the Group.

#### ***Real estate agency services in the primary market***

Although Leju’s business is also intended to facilitate the sale of new real estate properties, its business model is fundamentally different from that of our Group. Leju’s revenues are primarily derived from the online provision of advertising paid for by developers and discount coupons paid for by real estate buyers. By contrast, our real estate agency services in the primary market do not involve the provision of any services through online platforms, and our revenue is derived from commissions paid by real estate developers. Leju does not engage in real estate agency services in the primary market, its limited offline activities, such as facilitating site visits and marketing events, are not revenue-generating by nature.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### *Real estate brokerage network services*

Leju provides public online real estate listing services accessible to purchasers, sellers and real estate brokers alike and derives fees from advertising sales to real estate developers and home furnishing suppliers. Our real estate brokerage network services are fundamentally different as they do not involve the provision of online real estate listing services. Rather, we operate a service-based empowerment network that includes a wide range of services including allowing brokerage firms to use the 'Fangyou' brand name, providing access to our software and decision-making systems, and connecting brokerage firms with ancillary real estate-related service providers. Our real estate brokerage network services are provided to small and medium-sized real estate brokerage businesses and not to purchasers or sellers of existing property, and we do not derive advertising fees from such services.

### *Real estate data and consulting services*

Although Leju's business involves the provision of news and information about the real estate sector in the course of its operation of real estate focused websites, this service is clearly delineated from our real estate data and consulting services.

The nature of the news and information made publicly available on websites operated by Leju or its local outsourcing partner is fundamentally different from the real estate-related information available through our CRIC Systems. The information provided through Leju affiliated platforms is primarily collated from publicly available real estate related news and information produced by third-party providers. Our real estate data and consulting business involves a more sophisticated and systematic collection of a much wider scope of raw data regarding the real estate sector, including information not publicly available such as first hand data at our project sites. We also have considerably more secondary information results from our processing, analysis and comparison of raw data collected.

Moreover, our data subscription, data integration, data marketing and consulting services are geared towards real estate developers and industry professionals, whilst the primary audience of real estate information published on Leju affiliated websites are consumers. Lastly, Leju's provision of news and information on websites that it operates is not revenue-generating in nature and is ancillary to its primary service, which is the sale of advertisements on such real estate websites. All of the data and information published by Leju is for public consumption and Leju is not engaged in the sale of real estate related data and information. By contrast, our information and consulting services are fee-generating services catered to a more specialised and professional audience.

Save as disclosed in this section, our Controlling Shareholders and Directors confirm that as of the Latest Practicable Date, they do not have any interest in a business likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

In view of the matters discussed in this section, our Directors are of the view that we are able to carry on our business independently of our Controlling Shareholders after the Listing.

### Management independence

Our business is managed and conducted by our Board and senior management. Upon Listing, our Board will consist of 11 Directors, comprising four executive Directors, three non-executive Directors and four independent non-executive Directors. The executive management team of our Group is led by Mr. Zhou, Mr. Huang Canhao, Dr. Cheng Li-Lan and Dr. Ding Zuyu, our executive Directors, who are supported by a team of senior management. Please see the section headed “Directors and Senior Management” for further details.

Six members of our Board, namely Mr. Zhou, Mr. Huang Canhao, Dr. Cheng Li-Lan, Mr. Zhang Bang, Mr. Zhu Hongchao and Mr. Li Jin, currently also hold positions in our Controlling Shareholders or their subsidiaries and associates, and three of them only hold non-executive roles. Set out below is a summary of (i) these Directors’ or senior management’s role within our Group, (ii) positions currently held by these Directors or senior management in our Controlling Shareholders and their subsidiaries and associates, and (iii) these Directors’ or senior management’s industry experience and contribution to our Group:

Name	Role within our Company	Positions within our Controlling Shareholders and their associates	Industry experience and contribution to our Group
<b>Board of Directors</b>			
Mr. Zhou . . . . .	Executive Director and Chairman	Director of Jupai, Leju, CRE Corp, E-House (China) Holdings, E-House Holdings, On Chance, Kanrich, Regal Ace, Jun Heng, and certain of their subsidiaries	Over 20 years experience in China’s real estate industry and joined our Group in 2000  Primarily responsible for formulating the overall development strategies and business plans of our Group
Mr. Huang Canhao . . .	Executive Director	Director of CRE Corp and Leju	Over 17 years experience in China’s real estate industry and joined our Group in 2000  Primarily responsible for overseeing the management and strategic development of our Group

## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Name	Role within our Company	Positions within our Controlling Shareholders and their associates	Industry experience and contribution to our Group
Dr. Cheng Li-Lan . . . . .	Executive Director	Chief Operating Officer of E-House (China) Holdings and Acting Chief Financial Officer of Leju	Over 15 years financial experience in China's real estate industry and joined our Group in 2006  Primarily responsible for overseeing the management and strategic development of our Group
Dr. Ding Zuyu . . . . .	Executive Director and Chief Executive Officer	Nil	Over 17 years experience in China real estate industry and joined our Group in 2000  Primarily responsible for overseeing the management and strategic development of our Group
Dr. Xia Hai Jun . . . . .	Non-executive Director	Nil	Over 20 years of experience in real estate development and corporate management  Primarily responsible for providing strategic advice and guidance on the business development of our Group
Mr. Mo Bin . . . . .	Non-executive Director	Nil	Over 27 years of experience in areas of real estate development, construction business, construction management, marketing, cost control and corporate management  Primarily responsible for providing strategic advice and guidance on the business development of our Group

## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Name	Role within our Company	Positions within our Controlling Shareholders and their associates	Industry experience and contribution to our Group
Dr. Zhu Jiusheng . . . . .	Non-executive Director	Nil	Over 20 years of experience in finance and corporate management  Primarily responsible for providing strategic advice and guidance on the business development of our Group
Mr. Zhang Bang . . . . .	Independent non-executive Director (no executive roles assumed)	Independent Director of Jupai (no executive roles assumed)	Over 20 years of experience in auditing, accounting and management  Primarily responsible for supervising and providing independent judgment to our Board
Mr. Zhu Hongchao . . . . .	Independent non-executive Director (no executive roles assumed)	Independent Director of Jupai and Leju (no executive roles assumed)	Over 24 years of experience in the finance and corporate management  Primarily responsible for supervising and providing independent judgment to our Board
Mr. Wang Liqun . . . . .	Independent non-executive Director (no executive roles assumed)	Nil	Over 25 years of experience in finance and corporate management  Primarily responsible for supervising and providing independent judgment to our Board
Mr. Li Jin . . . . .	Independent non-executive Director (no executive roles assumed)	Independent Director of Leju (no executive roles assumed)	Over 10 years of experience in the legal industry and 6 years of experience in finance and management  Primarily responsible for supervising and providing independent judgment to our Board

## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Name	Role within our Company	Positions within our Controlling Shareholders and their associates	Industry experience and contribution to our Group
<b>Senior Management</b>			
Mr. Zong Lei . . . . .	Chief operating officer	Nil	Over 17 years of experience in China real estate industry and joined our Group in 2000  Primarily responsible for the overall business operations of our Group
Ms. Yan An . . . . .	President	Nil	Over 16 years experience in China's real estate industry and joined our Group in 2001  Primarily responsible for the overall management of our Group
Mr. Zhou Liang . . . . .	Chief financial officer	Nil	Over 14 years of experience in auditing and financial management  Primarily responsible for overseeing the overall financial management of our Group
Ms. Zhang Yan . . . . .	President of real estate data and consulting services division	Nil	Over 14 years of experience in the real estate industry  Primarily responsible for overseeing real estate data and consulting services division of the Group
Mr. Ko Ber-Jen . . . . .	President of real estate brokerage network services division	Nil	Over 15 years of experience in the real estate industry  Primarily responsible for overseeing the real estate brokerage network services division of the Group

As of the Latest Practicable Date, save as disclosed above, no other Director or senior management of our Group is also a director or member of senior management of our Controlling Shareholders or their subsidiaries or associates.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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We believe that our Directors and senior management are able to perform their roles in our Group independently and that our Group is capable of managing our business independently from our Controlling Shareholders and their subsidiaries and associates. We believe the positions in our Controlling Shareholders and their subsidiaries and associates held by Mr. Zhou, Mr. Huang Canhao, Dr. Cheng Li-Lan, Mr. Zhang Bang, Mr. Zhu Hongchao and Mr. Li Jin will not materially impact on our Directors' abilities to discharge their fiduciary duties and duties of skill, care and diligence to our Company, for the following reasons:

- (a) each Director is aware of his fiduciary duties as a director which requires, among other things, that he acts for the benefit and in the interest of our Company and does not allow any conflict between his duties as a Director and his personal interests;
- (b) although Mr. Zhou continues to hold positions in our Controlling Shareholders, many of the Controlling Shareholders, namely, Kanrich, Regal Ace and Jun Heng are only investment holding companies;
- (c) our independent non-executive directors Mr. Zhang Bang, Mr. Zhu Hongchao and Mr. Li Jin are not involved in the daily management and operation of our Company and Jupai and/or Leju. The daily management and operation of our Company is managed by our senior management and overseen by our executive Directors. Most of our Directors and senior management have served our Group for a long time and have substantial experience in the industry in which we are engaged in;
- (d) our daily management and operations are carried out by a senior management team with substantial experience in the industry in which our Company is engaged, all of whom will therefore be able to make business decisions that are in the best interests of our Group, and a majority of whom do not hold any other positions in our Controlling Shareholders or their subsidiaries or associates and therefore will be able to devote substantially all of their time to our business;
- (e) we have four independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review. Our independent non-executive Directors have extensive experience in corporate management and development, including in listed companies, and are appointed to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinions;
- (f) our businesses are clearly delineated from that of the Controlling Shareholders and their subsidiaries and associates (see the subsection headed "Clear delineation of business" above), in the event that there is a potential conflict of interests arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) is(are) required to declare the nature of such interest before voting at the relevant Board meetings in respect of such transactions;



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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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- (g) with respect to any transactions between the Group and Leju that require the Board's approval, only the six Directors who do not hold any directorship or role in Leju will be entitled to vote at the relevant Board meeting and the five Directors who hold positions in Leju (namely Mr. Zhou, Mr. Huang Canhao, Dr. Cheng Li-Lan, Mr. Zhu Hongchao and Mr. Li Jin) will abstain from voting on such matters. In addition, the quorum at Board meetings for approving any transactions with Leju will be at least the majority of the total number of Directors (i.e. six members in the Board), and the majority votes by the total number of non-conflicted Directors are required to decide on such transactions;
- (h) the Company does not anticipate there to be any transactions between the Group and with Jupai, but if there are any such transactions which require the Board's approval, the eight Directors who do not hold any directorship or role in Jupai will be entitled to vote at the relevant Board meeting, and the three Directors who hold positions in Jupai (namely Mr. Zhou, Mr. Zhang Bang and Mr. Zhu Hongchao) will abstain from voting on such matters. In addition, the quorum at Board meetings for approving transactions with Jupai will be at least the majority of the total number of Directors (i.e. six members in the Board), and the majority votes by the total number of non-conflicted Directors are required to decide on such transactions; and
- (i) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders that would support our independent management as detailed at “– Corporate governance measures” below.

In view of the matters discussed above, our Directors are satisfied that our Board as a whole and together with our senior management team are able to perform their managerial role in our Group independently of our Controlling Shareholders after the Listing.

### **Operational independence**

Our Group is not operationally dependent on our Controlling Shareholders. Our Group holds all relevant licenses and owns all relevant intellectual properties necessary to carry on our business. We believe we have sufficient capital, equipment and employees to operate our business independently from our Controlling Shareholders. We also have independent access to our customers, our own headcount of employees for our operations and independently manage our human resources.

There is a clear delineation of our business with the other businesses of our Controlling Shareholders. We have and will continue to enter into certain agreements with associates of our Controlling Shareholder, as disclosed in the section headed “Connected Transactions”. However, we believe that we would be able to find suitable alternative Independent Third Parties to provide the same services without substantial undue delay, inconvenience or costs or material interruption to our business.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### *Lease of premises from Mr Zhou's associates*

We have been leasing and will continue to lease premises from Mr. Zhou's associates, details of which are set out in the section headed "Connected Transactions" in this document. However, none of these premises are individually material to our operations and we believe that we would be able to find suitable alternative premises if required.

### *Event and marketing planning services*

From time to time, we enter into certain service agreements with TED, an associate of CRE Corp, our Controlling Shareholder, pursuant to which TED and its associates will provide us with event and exhibition services. Details of such services are set out in the section headed "Connected Transactions" in this document. However, we believe that we would be able to find suitable alternative Independent Third Parties to provide the same event and exhibition services if required.

In view of the matters discussed in this section, our Directors believe that we can operate independently from our Controlling Shareholders after the Listing.

### **Financial independence**

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs. We have an independent internal control and accounting system and also have an independent finance department responsible for discharging the treasury function. We believe we are capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders. We have no loans or guarantees which have been provided by, or which we have granted to, our Controlling Shareholders or their associates that will be outstanding as of the Listing.

In view of the matters discussed above, our Directors believe that we are able to operate financially independently from our Controlling Shareholders after the Listing.

## **CORPORATE GOVERNANCE MEASURES**

Our Directors recognise the importance of corporate governance to safeguard and protect the interests of our Shareholders. Our Company will comply with the provisions of the Corporate Governance Code in Appendix 14 to the Listing Rules (the "**Corporate Governance Code**"), which sets out principles of good corporate governance. Moreover, we will adopt the following measures to avoid potential conflict of interests between our Group and our Controlling Shareholders, and to maintain good corporate governance standards:

- (a) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their associates has a material interest, our Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum for the vote;

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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- (b) where a Board meeting is to be held to consider a proposed connected transaction between our Group and other business in which any Directors or their respective associates had any interest, the relevant interested Director will not be counted in the quorum and will abstain from voting on such matters, and additionally, the quorum for such matters must be at least the majority of the total number of Directors, and the majority votes by the total number of non-conflicted Directors are required to decide on such connected transactions;
- (c) internal control mechanisms have been established to identify potential connected transactions, and if entered into, the Company will strictly observe the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules where applicable;
- (d) our independent non-executive Directors will review on an annual basis whether there is any conflict of interests between the Group and our Controlling Shareholders, and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (e) our Company will disclose decisions on matters (with basis) reviewed by the independent non-executive Directors either in its annual report or by way of announcements;
- (f) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expense; and
- (g) SPDB International Capital Limited has been appointed as our compliance adviser to provide advice and guidance to us in respect of compliance with the Listing Rules, applicable Laws, and other aspects of corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage potential conflict of interests between our Group and our Controlling Shareholders, and to protect minority Shareholders' interests after the Listing.