
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See the section headed “Business – Our Strategies” in this document for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$4,950.5 million after deducting underwriting commission and other estimated expenses paid and payable by us in the Global Offering (assuming the Over-allotment Option is not exercised) (and without deducting any additional discretionary incentive fee), assuming an Offer Price of HK\$16.03 per Offer Share, being the mid-point of the Offer Price Range of HK\$14.38 to HK\$17.68 per Offer Share.

We intend to use the net proceeds we expect to receive from the Global Offering for the purposes and in the amounts set out below:

- approximately 28.0%, or approximately HK\$1,385.3 million, to be used to further develop and upgrade our real estate data systems by further expanding the industry sectors and subsectors covered by our existing data systems and to expand the scope of our consulting services. The detailed uses of this portion of net proceeds primarily include HK\$138.8 million in leasing and renovating additional office space in Shanghai to accommodate additional employees and leasing additional server rooms, HK\$253.8 million in purchasing of hardware and software including maintenance fees in relation to additional servers in the following eight years, HK\$365.0 million in recruiting approximately 550-600 additional qualified employees, most of whom should have experience and/or expertise in real estate industry research, cloud computing, data analytics and/or IT management, and HK\$112.0 million in purchasing third-party data, such as real estate transaction data, demographical data, transportation data, map data and infrastructural data, as well as marketing and promotion expenses of HK\$192.7 million and an initial working capital injection of HK\$323.1 million. For the next five years, we plan to recruit approximately 360 employees in the first year and lease a total of approximately 2,900 square metres to accommodate those new employees and as server room. We also plan to lease an additional 1,900 square metres to accommodate an additional 230 employees and servers in the fourth year;

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- approximately 26.2%, or approximately HK\$1,299.4 million, to be used to further expand the geographical coverage of our real estate agency services in the primary market in China by entering into 52 additional cities (consisting of 51 third- and fourth-tier cities and one second-tier city) and to further improve our service capacity in 38 of the 186 cities we currently cover. The following table sets forth a detailed breakdown of the cities that we plan to expand into:

Expansion plan for 52 cities that we are going to enter into				
Type of operations	City tiers	Cities	Office space to be leased (square metres)	Number of employees to be recruited
Subsidiaries	Second-tier city	Ningbo (寧波)	200	226
	Third-tier cities	Quanzhou (泉州)	200	226
		Huizhou (惠州)	200	226
		Sanya (三亞)	200	226
		Fourth-tier cities	Yanjiao (燕郊)	200
		Zhangzhou (漳州)	200	226
		Zhuhai (珠海)	200	226
		Dongguan (東莞)	200	226
		Zhongshan (中山)	200	226
		Jiangmen (江門)	200	226
		Liuzhou (柳州)	200	226
		Yancheng (鹽城)	200	226
		Taicang (太倉)	200	226
		Jiaxing (嘉興)	200	226
		Maanshan (馬鞍山)	200	145
	Branches	Third-tier cities	Yichang (宜昌)	100
		Ganzhou (贛州)	100	145
		Yantai (煙台)	100	145
Xiangyang (襄陽)		100	145	
Fourth-tier cities		Chuzhou (滁州)	100	145
		Wuhu (蕪湖)	100	145
		Tongling (銅陵)	100	145
		Fuyang (阜陽)	100	145
		Langfang (廊坊)	100	145
		Xianghe (香河)	100	145
		Qingyuan (清遠)	100	145
		Handan (邯鄲)	100	145
		Baoding (保定)	100	145
		Xinzheng (新鄭)	100	145
		Zhenjiang (鎮江)	100	145
		Wuzhou (撫州)	100	145
Shangrao (上饒)	100	145		
Zibo (淄博)	100	145		

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Expansion plan for 52 cities that we are going to enter into				
Type of operations	City tiers	Cities	Office space to be leased (square metres)	Number of employees to be recruited
		Linpan (臨汾)	100	145
		Xianyang (咸陽)	100	145
		Ziyang (資陽)	100	145
		Panzhuhua (攀枝花)	100	145
		Huzhou (湖州)	200	145
		Liu'an (六安)	100	55
Project-based branches. . . .	Third-tier cities	Luzhou (瀘州)	100	55
		Jilin (吉林)	100	55
	Fourth-tier cities	Zhaoqing (肇慶)	100	55
		Meizhou (梅州)	100	55
		Xingyang (滎陽)	100	55
		Zhongmu (中牟)	100	55
		Panjin (盤錦)	100	55
		Liaoyang (遼陽)	100	55
		Yingkou (營口)	100	55
		Huludao (葫蘆島)	100	55
		Yuncheng (運城)	100	55
		Lvliang (呂梁)	100	55
		Meishan (眉山)	100	55
Total			6,800	7,414

Specifically, we plan to allocate HK\$133.5 million to lease additional office space for the expanded operations, HK\$172.4 million to purchase equipment for the expanded operations, and HK\$538.0 million to recruit approximately 21,000 to 22,000 additional employees for the expanded operations, as well as an initial working capital injection and other expenses of HK\$455.6 million;

- approximately 23.3%, or approximately HK\$1,153.3 million, to be used to further expand the geographical coverage of our real estate brokerage network services by establishing 173 additional E-House Real Estate Transaction Service Centres in 40 cities in the PRC over the next three years, including 47 centres in first-tier cities, 88 centres in second-tier cities, and 38 centres in third- and fourth-tier cities. Specifically, we plan to allocate HK\$617.9 million to lease and renovate additional properties, HK\$65.0 million to purchase equipment and software and HK\$253.5 million to recruit over 3,000 employees for the operations of these new centres, as well as an initial working capital injection and other operating expenses of HK\$217.0 million;

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- approximately 7.3%, or approximately HK\$363.8 million, to be used for our staff training to continuously improve our service capacity. We plan to establish training centres in Shanghai, Beijing, Wuhan and Haikou to provide systematic professional trainings to our staff and expand our recruitment channels. Specifically, we plan to lease and decorate properties as well as purchase equipment and software for the operations of new training centres in these cities. We also plan to recruit approximately 200 additional employees, including heads of training centres, training managers and training specialists. To expand our recruitment channels, we plan to focus on cooperation with universities and vocational colleges to ensure that new graduates we recruit are equipped with the skills and experience required by us;
- approximately 3.4%, or approximately HK\$165.9 million, to be used to improve our brand recognition through a variety of marketing and brand promotion activities;
- approximately 1.8%, or approximately HK\$87.6 million, to be used to improve our ability to provide one-stop real estate transaction services by establishing an integrated service management platform; and
- approximately 10.0%, or approximately HK\$495.1 million, to be used supplement our working capital and for general corporate purposes.

In the event that the Offer Price is set at the highest point or the lowest point of the Offer Price Range, the net proceeds of the Global Offering will increase or decrease by approximately HK\$516.7 million, respectively. Under such circumstances, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, the additional net proceeds that we will receive will be approximately HK\$752.9 million, assuming an Offer Price of HK\$16.03 per Offer Share, being the mid-point of the Offer Price Range. If the Over-allotment Option is exercised in full, we intend to apply such additional net proceeds for the above uses on a pro-rata basis.

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes or if we are unable to put into effect any part of our development plan as intended, we may hold such funds in short-term deposits so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

Since we are an offshore holding company, we will need to make capital contributions and/or loans to our PRC subsidiaries such that the net proceeds of the Global Offering can be used in the manner described above. Such capital contributions and/or loans are subject to a number of limitations and approval processes under PRC laws and regulations. There are no costs associated with registering loans or capital contributions with relevant PRC authorities, other than nominal processing charges. Under PRC laws and regulations, the PRC governmental authorities are required to process such approvals or registrations or deny our

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application within a prescribed period, which are usually less than 90 days. The actual time taken, however, may be longer due to administrative delay. We cannot assure you that we can obtain the approvals from the relevant governmental authorities, or complete the registration and filing procedures required to use our net proceeds as described above, in each case on a timely basis, or at all. This is because PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our PRC operating subsidiaries or consolidated affiliated entities, which could materially and adversely affect our liquidity and our ability to fund and expand our business. See the section headed “Risk Factors – Risks Related to Doing Business in China – PRC regulation of loans to and direct investments in PRC entities by offshore holding companies may delay or prevent us from using the proceeds of the Global Offering to make loans or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.”