



易居企业集团

易居(中國)企業控股有限公司

E-House (China) Enterprise Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2048

GLOBAL OFFERING

Joint Sponsors



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中金公司

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Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



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工銀國際



JUHUI FINANCIAL SECURITIES LIMITED
鉅匯金融證券有限公司

IMPORTANT

If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.



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)

GLOBAL OFFERING

Number of Offer Shares under the : 322,836,000 Shares (subject to the
Global Offering Over-allotment Option)
Number of Hong Kong Offer Shares : 32,283,600 Shares (subject to
reallocation)
Number of International Offer Shares : 290,552,400 Shares (subject to
reallocation and the Over-allotment
Option)
Maximum Offer Price : HK\$17.68 per Offer Share plus
brokerage of 1%, SFC transaction levy
of 0.0027% and Stock Exchange
trading fee of 0.005% (payable in full
on application in Hong Kong dollars,
subject to refund)
Nominal value : US\$0.00001 per Share
Stock code : 2048

Joint Sponsors



Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



Joint Bookrunners and Joint Lead Managers (in alphabetical order)



BNP PARIBAS



招銀國際
CMB INTERNATIONAL



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工銀國際



JUHUI FINANCIAL SECURITIES LIMITED
鉅匯金融證券有限公司

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A copy of this document, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix V, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this document or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Representatives (on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Saturday, 14 July 2018 and, in any event, not later than Thursday, 19 July 2018. The Offer Price will be not more than HK\$17.68 and is currently expected to be not less than HK\$14.38 unless otherwise announced. If, for any reason, the Offer Price is not agreed by Thursday, 19 July 2018 between the Joint Representatives (on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Joint Representatives (on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this document at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published in the South China Morning Post (in English), the Hong Kong Economic Times (in Chinese), and on the websites of the Stock Exchange (www.hkexnews.hk) and our Company (www.ehousechina.com) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Representatives (on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See the section headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination" for further details.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this document, including the risk factors set out in the section headed "Risk Factors".

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged, or transferred within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold (i) solely to QIBs pursuant to an exemption from registration under the U.S. Securities Act and (ii) outside the United States in offshore transactions in accordance with Regulation S.

10 July 2018

EXPECTED TIMETABLE⁽¹⁾

Hong Kong Public Offering commences and **WHITE**
and **YELLOW** Application Forms available from9:00 a.m. on Tuesday,
10 July 2018

Latest time for completing electronic applications
under the **White Form eIPO** service through the
designated website at www.eipo.com.hk⁽²⁾11:30 a.m. on Friday,
13 July 2018

Application lists open⁽³⁾11:45 a.m. on Friday,
13 July 2018

Latest time for (a) lodging **WHITE** and **YELLOW**
Application Forms, (b) completing payment for
White Form eIPO applications by effecting internet
banking transfer(s) or PPS payment transfer(s) and
(c) giving **electronic application instructions** to HKSCC12:00 noon on Friday,
13 July 2018

Application lists close⁽³⁾12:00 noon on Friday,
13 July 2018

Expected Price Determination DateSaturday, 14 July 2018

Announcement of the Offer Price, the level of
indications of interest in the International Offering,
the level of applications in the Hong Kong Public Offering
and the basis of allocations of the Hong Kong Offer Shares
to be published in the South China Morning Post
(in English) and the Hong Kong Economic Times
(in Chinese) and on the website of the Company at
www.ehousechina.com and the website of the
Stock Exchange at www.hkexnews.hk on or before.....Thursday, 19 July 2018

Announcement of the results of allocations in the
Hong Kong Public Offering (with successful applicants'
identification document numbers, where appropriate)
will be available through a variety of channels
(see the section headed "How to Apply for Hong Kong
Offer Shares – Publication of Results") fromThursday, 19 July 2018

Results of allocations in the Hong Kong Public Offering
will be available at www.iporesults.com.hk
(alternatively: English <https://www.eipo.com.hk/en/Allotment>;
Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with
a "search by ID" function fromThursday, 19 July 2018

EXPECTED TIMETABLE⁽¹⁾

Despatch of Share certificates and White Form e-Refund

payment instructions/refund cheques on or before⁽⁴⁾Thursday, 19 July 2018

Dealings in the Shares on the Stock Exchange

expected to commence at9:00 a.m. on Friday,
20 July 2018

Notes:

- (1) *All dates and times refer to Hong Kong dates and times.*
- (2) *You will not be permitted to submit your application under the **White Form eIPO** service through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of the application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.*
- (3) *If there is a “black” rainstorm warning signal or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 13 July 2018, the application lists will not open and close on that day. See the section headed “How to Apply for Hong Kong Offer Shares”.*
- (4) *The Share certificates will only become valid at 8:00 a.m. on the Listing Date, which is expected to be Friday, 20 July 2018, provided that the Global Offering has become unconditional in all respects at or before that time. Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of the Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk.*

For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, see the sections headed “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares”, respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such a case, the Company will make an announcement as soon as practicable thereafter.

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IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This document is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this document pursuant to the Hong Kong Public Offering. This document may not be used for the purpose of making, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Hong Kong Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this document in any jurisdiction other than Hong Kong. The distribution of this document for purposes of a public offering and the offering and sale of the Hong Kong Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this document and the Application Forms to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this document. We have not authorised anyone to provide you with information that is different from what is contained in this document. Any information or representation not contained nor made in this document and the Application Forms must not be relied on by you as having been authorised by us or any of the Relevant Persons.

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks of investing in the Offer Shares are set out in the section headed “Risk factors”. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are the leading real estate transaction service provider in China as we have the largest revenue from real estate agency services in the primary market in 2017, the most cities with both real estate transaction data and land data covered, and the second largest real estate brokerage network by the number of stores as of 31 December 2017, according to the Cushman & Wakefield Report. We mainly offer real estate agency services in the primary market, real estate data and consulting services and real estate brokerage network services. We serve real estate developers, buyers, brokerage firms and other industry participants, covering various aspects of the real estate value chain. Since our inception in 2000, we have earned a respected reputation in China’s real estate industry, and established a leading position in each of our main businesses.

Our business benefits from our close relationships with many of China’s most prominent real estate developers, particularly in light of the continuing trend of market consolidation in the real estate development industry. We have served all of the Top 100 Real Estate Developers or their respective related companies in China. Furthermore, 25 of the Top 100 Real Estate Developers are associated with our Shareholders. See the section headed “Business – Overview”. In 2015, 2016 and 2017 and the three months ended 31 March 2018, we generated revenue of RMB895.5 million, RMB1,479.7 million, RMB2,118.8 million and RMB416.7 million, respectively, from these 25 developers, representing 33.0%, 37.0%, 45.7% and 44.8% of our total revenue in the respective periods. Country Garden, Vanke and Evergrande, the top three of the Top 100 Real Estate Developers and also our Shareholders, reported combined contracted sales of approximately RMB1.6 trillion in 2017. As of the Latest Practicable Date, we had entered into strategic cooperation agreements with 46 leading real estate developers with terms ranging from one year to six years. Our strategic relationships with these leading developers increase the stability and predictability of customer demand for our services across our three major business lines. As of 31 March 2018, we had a contracted pipeline of 227.2 million square metres of total GFA in 1,068 projects for our real estate agency services in the primary market, of which 124.8 million square metres were contracted with Evergrande, our largest customer during the Track Record Period.

SUMMARY

Our three major business lines complement each other, generating powerful business synergies and abundant cross-selling opportunities. We collect a large amount of real estate data from the operations of our agency and brokerage network services, which continuously strengthen our proprietary databases and allow us to provide better data and consulting services. We leverage our data capabilities to provide real estate developers with various services at the early stages of real estate development projects, such as market research reports, positioning analysis and feasibility studies, which better positions us to serve real estate developers through our real estate services in the primary market and our real estate brokerage network services. In addition, we can help our developer customers expand their sales channels by sourcing buyers of new properties through Fangyou-branded stores and other real estate brokerage firms we cooperate with. In 2017, 2,093 new property units with a total GFA of approximately 190,005 square metres were sold to buyers we sourced for our developer customers in cooperation with Fangyou-branded stores and other real estate brokerage firms. Propelled by our three business engines and our asset-light business model, we experienced significant growth during the Track Record Period. Our revenue increased from RMB2.7 billion in 2015 to RMB4.6 billion in 2017, representing a CAGR of 30.6%, and increased by 8.8% from RMB854.8 million in the three months ended 31 March 2017 to RMB930.2 million in the three months ended 31 March 2018. Our profit and total comprehensive income for the year increased from RMB177.2 million in 2015 to RMB765.3 million in 2017, representing a CAGR of 107.8%, and increased by 12.8% from RMB135.1 million in the three months ended 31 March 2017 to RMB152.4 million in the three months ended 31 March 2018.

OUR SERVICES

We mainly provide three types of services, namely (i) real estate agency services in the primary market, (ii) real estate data and consulting services, and (iii) real estate brokerage network services. The following table sets forth a breakdown of our revenue, both in absolute amounts and as percentages of our total revenue, for the periods presented:

	For the year ended 31 December						For the three months ended 31 March			
	2015		2016		2017		2017		2018	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
(in thousands, except for percentages)										
(unaudited)										
Real estate agency services in the										
primary market	2,336,540	86.0	3,568,575	89.3	3,926,722	84.7	654,706	76.6	734,757	79.0
Real estate data and consulting										
services	379,906	14.0	396,397	9.9	629,422	13.6	185,758	21.7	167,633	18.0
Real estate brokerage network										
services	–	–	31,157	0.8	77,216	1.7	14,330	1.7	27,812	3.0
Total	2,716,446	100.0	3,996,129	100.0	4,633,360	100.0	854,794	100.0	930,202	100.0

SUMMARY

Real Estate Agency Services in the Primary Market

Our real estate agency services in the primary market mainly include formulating and executing marketing and sales strategies for residential real estate projects developed by our customers, promoting the projects to prospective purchasers, and facilitating sales transaction.

We generated revenue of RMB3.9 billion from real estate agency services in the primary market in 2017, and covered 186 cities as of 31 December 2017, making us the largest real estate agency service provider in the primary market in China by both measures, according to the Cushman & Wakefield Report. With our efficient operational management systems and flexible resource allocation, we are capable of selling megaprojects for China's largest real estate developers.

The following table sets forth a breakdown of our revenue from real estate services in the primary market by city tiers, both in absolute amounts and as percentages of our total revenue, for the periods presented:

	For the year ended 31 December						For the three months ended 31 March			
	2015		2016		2017		2017		2018	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
(in thousands, except for percentages)										
First-tier cities . . .	645,988	27.6	833,028	23.3	732,762	18.7	116,093	17.7	164,503	22.4
Second-tier cities	1,116,824	47.8	1,615,796	45.3	1,721,724	43.8	248,576	38.0	326,150	44.4
Third- and fourth-tier cities	573,728	24.6	1,119,751	31.4	1,472,236	37.5	290,037	44.3	244,104	33.2
Total	2,336,540	100.0	3,568,575	100.0	3,926,722	100.0	654,706	100.0	734,757	100.0

Revenue from real estate agency services in the primary market in first-tier cities decreased from 2016 to 2017 primarily due to the tightening of certain restrictive policies on the purchases of residential properties in these cities.

SUMMARY

The following table sets forth selected operating statistics related to our real estate agency services in the primary market:

	For the year ended 31 December			For the three months ended 31 March	
	2015	2016	2017	2017	2018
Total GFA of new properties sold (millions of square metres).	26.1	35.5	37.2	6.2	6.6
Total value of new properties sold (millions of RMB)	267,468	406,078	432,982	73,480	83,306
Total GFA of contracted pipeline properties ⁽¹⁾ at the end of the year/period (millions of square metres) . .	160.7	165.4	206.0	N/A	227.2
Average commission rate ⁽²⁾	0.87%	0.88%	0.91%	0.89%	0.88%

Notes:

- (1) *Contracted pipeline properties represent new properties which we have been contracted to sell under specific project-based real estate agency agreements but have not yet sold at the relevant time.*
- (2) *Average commission rate equals revenue derived from real estate agency services in the primary market divided by total value of new properties sold.*

Real Estate Data and Consulting Services

Our real estate data and consulting services are designed to meet the needs of developer clients at various stages of the project development and sales process and other clients with particular requests and needs. Our real estate data and consulting services mainly include data services, rating and ranking services, and consulting services.

We are the largest real estate data provider in China in terms of the number of cities with both real estate transaction data and land data covered, according to the Cushman & Wakefield Report. We believe that our “CRIC” brand is associated with broad geographic coverage, diverse service offerings, deep market insights and continuous innovation. Our research reports and rankings are frequently cited and widely recognised for their authoritativeness, reliability and professional quality.

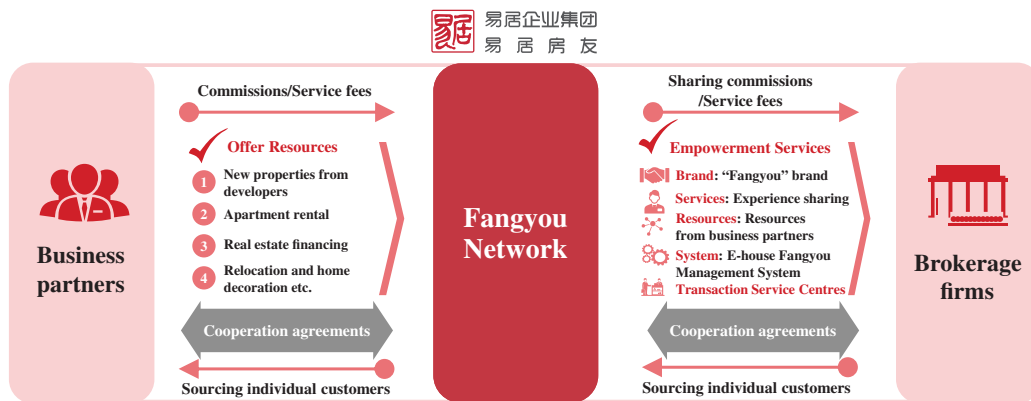
Real Estate Brokerage Network Services

We launched our real estate brokerage network services under the “Fangyou” brand in January 2016 to integrate small and medium-sized real estate brokerage firms in China. We believe a large and active network of Fangyou-branded stores is an attractive value proposition to potential business partners in need of an effective marketing channel to reach a large number of individual customers. To attract small and medium-sized real estate brokerage firms to become Fangyou-branded stores, we have pioneered an asset-light “S2B2C” business model,

SUMMARY

providing comprehensive services to small and medium-sized brokerage firms and empowering them to better serve their individual customers. These small and medium-sized brokerage firms primarily provide real estate brokerage services in the secondary market, but may also provide real estate agency services in the primary market and other ancillary services if they have the relevant resources. Under this business model, we do not open our own real estate brokerage stores, nor do we directly carry out, or have any current plan to directly carry out, our own real estate brokerage business in the secondary market. Since January 2016, we have created the second largest real estate brokerage network in China, according to the Cushman & Wakefield Report. Our nationwide Fangyou network had 5,211 Fangyou-branded stores in 32 cities as of 31 March 2018, competing against companies that primarily operate self-owned or franchised stores.

The following diagram illustrates how our Fangyou real estate brokerage network connect our business partners, real estate brokerage firms and their individual customers.



Note: Apartment rental service, real estate financing service and relocation and home decoration services are resources we plan to offer Fangyou-branded stores in the future.

Brokerage firms that join our Fangyou network enjoy enhanced brand recognition, easy-to-use management software and extensive knowledge and other resources. In addition, we mobilise Fangyou-branded stores and other cooperating real estate brokerage firms to source buyers of new properties for our developer customers. Such sourcing of property buyers has expanded our revenue source as well as that of the participating brokerage firms, creating a win-win scenario.

This buyer sourcing services provided by our Fangyou network are different from, and do not compete with, real estate agency services in the primary market, and commissions for such services are in addition to any commissions charged by the relevant real estate agent in the primary market, if any. For any new real estate sales project, a developer customer may use our real estate agency services to formulate and execute marketing and sales strategies, promote the project to prospective buyers, and facilitate contract signing and other aspects of sales transactions at the developer's on-site sales office. As part of a developer customer's marketing efforts, the developer may simultaneously engage our Fangyou brokerage network and/or real estate brokerage firms outside our Fangyou network to source potential buyers and bring them to the sales office.

SUMMARY

Without taking into account inter-segment elimination, our real estate brokerage network services segment recorded a net loss of RMB125.1 million in each of 2016 and 2017 and a net loss of RMB34.2 million for the three months ended 31 March 2018. We expect to record a net loss for this segment for the year ending 31 December 2018. This segment is still in its early stage of development, and we have thus far primarily focused on increasing the number of Fangyou-branded stores. In connection with the rapid expansion of our Fangyou network, we incurred significant costs for, among others, increasing our work force, leasing space for the operations of E-House Real Estate Transaction Service Centres and redecorating Fangyou-branded brokerage stores. In the next few years, we plan to continue to invest in these areas with proceeds from the Global Offering and our retained earnings. In particular, with proceeds from the Global Offering, we plan to 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. See the section headed “Future Plans and Use of Proceeds”. In 2017 and the three months ended 31 March 2018, we cooperated with brokerage firms mainly in three cities, Shanghai, Hangzhou and Zhengzhou, to sell new properties for our developer customers. In 2018, we plan to accelerate the expansion of our brokerage network, aiming to increase the number of Fangyou-branded stores to 10,000 and cover approximately 52 cities by the end of 2018. In addition, we intend to cooperate with brokerage firms in all these cities to source buyers of new properties for our developer customers. In the future, we may also explore other revenue sources through our Fangyou network, such as by offering apartment rental, real estate financing, relocation and home decoration services provided by our business partners. Revenue from real estate brokerage network services increased by 147.8% from 2016 to 2017 and by 94.1% from the three months ended 31 March 2017 to the three months ended 31 March 2018. At the same time, due to increasing economies of scale, costs and expenses for this segment increased at a lower pace than revenue despite the rapid expansion of the Fangyou brokerage network. As a result, profit margin for our real estate brokerage network services segment improved from negative 360.6% in 2016 to negative 156.6% in 2017 and further to negative 115.5% in the three months ended 31 March 2018. As we cooperate with more brokerage firms in more cities to source buyers of new properties for our developer customers, we expect to continue to rapidly grow our revenue from this segment and achieve break-even in 2019.

CUSTOMERS

Our customers are mainly real estate developers in China, from whom we have historically derived a significant majority of our revenue. Our customers also include banks, investors, government and non-profit organisations that use our real estate data and consulting services, as well as real estate brokerage firms and their customers that use our services provided at the E-House Real Estate Transaction Service Centres. We generated 22.3%, 26.9%, 35.1% and 33.8% of our total revenue from our single largest customer, Evergrande, and 31.7%, 36.6%, 44.1% and 47.0% of our total revenue from our top five customers in 2015, 2016 and 2017 and the three months ended 31 March 2018, respectively.

SUMMARY

To better serve and maintain the close relationships with our key developer customers, we have entered into strategic cooperation agreements with 46 leading real estate developers in China. These agreements have terms ranging from one year to six years, under which we and each developer agree that we will provide consulting, data and sales services to the developer, including sales through our Fangyou brokerage network.

SUPPLIERS

During the Track Record Period, our largest suppliers were labour dispatch agencies as some of our PRC subsidiaries historically used a significant number of dispatched employees for their principal business activities. Apart from labour dispatch agencies, our suppliers also include, among others, office space providers, renovation service providers, advertising companies, as well as real estate brokerage firms that assist us in the selling of real estate units in the primary market.

OUR STRENGTHS

We believe that the following competitive strengths contribute to our success and differentiate us from our competitors:

- We have strong customer and shareholder bases, and have established strategic relationships with many leading real estate developers in China.
- We are the influential leader in China's real estate data and consulting market.
- Our large business scale and professional sales force differentiate our real estate agency services in the primary market and well position us to execute complex sales projects.
- We have pioneered an innovative asset-light business model to integrate and empower small and medium-sized real estate brokerage firms.
- We have an experienced and stable management team and an effective staff training system.

For a detailed discussion of these competitive strengths, see the section headed "Business – Our Strengths".

OUR STRATEGIES

To strengthen our position as China's leading real estate transaction service provider, we intend to pursue the following strategies:

- Strengthen our leadership position in real estate agency services in the primary market;

SUMMARY

- Further expand our Fangyou network and the revenue source of our Fangyou brokerage network;
- Further enhance our influence in the real estate industry;
- Invest in research and innovation; and
- Invest in our employees to better serve our clients.

For a detailed discussion of these strategies, see the section headed “Business – Our Strategies”.

RISK FACTORS

Our business and the Global Offering involve certain risks as set out in the section headed “Risk Factors.” You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face include:

- Our business is susceptible to fluctuations in the real estate market of China, which may materially and adversely affect our revenues and results of operations.
- Our business may be materially and adversely affected by government measures aimed at China’s real estate industry.
- We generate a substantial portion of revenue from a concentrated number of real estate developers.
- Our real estate brokerage network services have a limited operating history and are provided under a new business model.
- If we cannot manage our growth effectively and efficiently, our results of operations or profitability could be adversely affected.
- We may lose our competitive advantage if we fail to obtain and maintain accurate, comprehensive and reliable data in our CRIC Systems or prevent disruptions or failure in the performance of our CRIC Systems.
- We have significant balances of trade receivables and customer deposits, which increase our credit risks and could materially and adversely affect our results of operations.

SUMMARY

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) until Listing as (i) they are able to control the composition of a majority of our Board 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 and the section headed “Relationship with our Controlling Shareholders – Our Controlling Shareholders” for further details of our Controlling Shareholders.

PRIVATISATION OF E-HOUSE (CHINA) HOLDINGS AND THE REORGANISATION

On 8 August 2007, E-House (China) Holdings completed an initial public offering of ADSs on the NYSE, at the offering price of US\$13.80 per ADS, resulting in a market capitalisation of approximately US\$1.06 billion. Subsequently, on 15 April 2016, E-House (China) Holdings was privatised through a merger led by Mr. Zhou, Mr. Shen Nanpeng and SINA Corporation (the “buyer group”). For the privatisation, the offer price paid to the NYSE investors was US\$6.85 per share (US\$6.80 per ADS after deducting US\$0.05 cancellation fee per ADS), without interest and net of any applicable withholding taxes, resulting in a market capitalisation of approximately US\$987 million. Such offer price was the result of negotiation between the buyer group and the independent special committee of E-House (China) Holdings. In evaluating the fairness of the offer price, the independent special committee considered multiple factors, including, among others, (i) the market price of the ADSs of E-House (China) Holdings; (ii) trading multiples of similar companies; and (iii) financial terms of certain relevant business combinations and other transactions on the NYSE, and also relied on the

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fairness opinion issued by an independent financial advisor, which is an internationally recognized valuation specialist firm. The privatisation was financed by a US\$350 million loan facility provided by Shanghai Pudong Development Bank Co., Ltd., Nanhui Sub-Branch and cash contributions from Mr. Zhou, Mr. Shen Nanpeng and SINA Corporation. Our Directors confirm that, to the best of their knowledge and belief, E-House (China) Holdings had been in compliance with all applicable U.S. securities laws and regulations as well as rules and regulations of the NYSE in all material respects, and had not been subject to any disciplinary action by the relevant regulators, during the period when it was listed on the NYSE and up to its privatisation. Our businesses were only and will continue to be part of the business segments of E-House (China) Holdings prior to and after its privatisation. For the purposes of the Listing and optimising our corporate structure, our Group underwent the corporate reorganisation. For details, please see the section headed “History, Reorganisation and Corporate Structure – Our Corporate Reorganisation” of this document.

OUR SHAREHOLDING STRUCTURE

In anticipation of the Global Offering, the Company has concluded Pre-IPO Investments with 31 Pre-IPO Investors from November 2017 to March 2018. Following the Pre-IPO Investments, these investors held in aggregate 74.378% in the issued share capital of the Company as of the Latest Practicable Date. See the section headed “History, Reorganisation and Corporate Structure – Pre-IPO Investments” for more details of the Pre-IPO Investments and Pre-IPO investors.

We have adopted a Pre-IPO Share Option Scheme and a Post-IPO Share Option Scheme in order to incentivise and reward our Directors, employees and affiliates for their contribution to our Group. As of the Latest Practicable Date, options in respect of 91,563,600 Shares were granted pursuant to the Pre-IPO Share Option Scheme, representing 6.240% of the enlarged issued share capital of our Company immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon exercise of the options granted under the Pre-IPO Share Option Scheme or which may be granted under the Post-IPO Share Option Scheme). Assuming the full exercise of the options granted under the Pre-IPO Share Option Scheme, (a) the shareholding of the Shareholders immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised) would be diluted by approximately 5.87% and (b) the earnings per Share for the financial year ended 31 December 2017 would have decreased by approximately 5.87% from HK\$0.28 per Share to HK\$0.27 per Share. The principal terms of the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme are summarised in the section headed “Statutory and General Information – Pre-IPO Share Option Scheme” and “Statutory and General Information – Post-IPO Share Option Scheme” in Appendix IV to this document.

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SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information during the Track Record Period, extracted from the Accountants' Report in Appendix I attached to this document. The summary consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with IFRS.

Consolidated Statements of Profit and Loss and Other Comprehensive Income Data

	For the year ended 31 December			For the three months ended 31 March	
	2015	2016	2017	2017	2018
	(in thousands of RMB)				
	(unaudited)				
Revenue	2,716,446	3,996,129	4,633,360	854,794	930,202
Staff costs	(1,736,714)	(2,401,923)	(2,623,332)	(500,588)	(503,388)
Advertising and promotion expenses	(125,551)	(130,539)	(236,053)	(29,231)	(30,378)
Operating lease charges in respect of office premises	(86,837)	(94,133)	(105,571)	(25,248)	(26,613)
Depreciation and amortisation expenses	(27,258)	(24,190)	(27,870)	(9,308)	(6,291)
Loss allowance on financial assets measured at amortised cost	(63,441)	(103,959)	(119,866)	(10,673)	(12,143)
Consultancy expenses	(158,180)	(176,464)	(224,424)	(37,003)	(29,801)
Distribution expenses	–	(24,967)	(51,726)	(9,174)	(20,676)
Other operating costs	(215,794)	(253,812)	(284,539)	(53,741)	(52,735)
Other income	22,219	39,270	38,256	1,612	17,586
Other gains and losses	(4,432)	(2,519)	3,355	496	(21,726)
Other expenses	(4,877)	(3,801)	(8,831)	(4,126)	(1)
Listing expenses	–	–	–	–	(17,406)
Share of result of associates	92	(531)	148	158	(1,638)
Finance costs	(26,448)	(29,756)	(21,650)	(6,642)	(5,551)
Profit before taxation	289,225	788,805	971,257	171,326	219,441
Income tax expense	(112,071)	(216,636)	(205,951)	(36,228)	(67,066)
Profit and total comprehensive income for the year/period	<u>177,154</u>	<u>572,169</u>	<u>765,306</u>	<u>135,098</u>	<u>152,375</u>
Profit and total comprehensive income for the year/period attributable to:					
Owners of the Company	165,209	486,969	352,020	56,000	93,875
Non-controlling interests	11,945	85,200	413,286	79,098	58,500
	<u>177,154</u>	<u>572,169</u>	<u>765,306</u>	<u>135,098</u>	<u>152,375</u>
Non-IFRS Measures⁽¹⁾:					
Operating profit ⁽²⁾	302,671	786,142	959,979	179,828	248,177
Adjusted profit and total comprehensive income attributable to owners of the Company ⁽³⁾	165,209	551,684	702,045	112,011	126,523

SUMMARY

Notes:

- (1) *The use of non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for analysis of, profit and total comprehensive income for the year/period, profit and total comprehensive income for the year/period attributable to owners of the Company and other measures as reported in accordance with IFRS. For more details on these non-IFRS measures, including the rationales for the adjustments made, please see the section headed “Financial Information – Non-IFRS Measures” below.*
- (2) *We define operating profit as revenue net of operating costs, which consist of staff costs, advertising and promotion expenses, operating lease charges in respect of office premises, depreciation and amortisation expenses, loss allowance on financial assets measured at amortised cost, consultancy expenses, distribution expenses, and other operating costs.*
- (3) *We define adjusted profit and total comprehensive income attributable to owners of the Company as (i) profit and total comprehensive income for the year/period attributable to owners of the Company, adjusted to add back (ii) profit and total comprehensive income attributable to 21 investors of PRC Holdco. For more details on these non-IFRS measures, including the rationales for the adjustments made, please see the subsection headed “Non-IFRS Measures” below. The calculation of adjusted profit and total comprehensive income attributable to owners of the Company is not in accordance with IFRS.*

Segment Results

We report our financial results during the Track Record Period in three segments: (i) real estate agency services in the primary market, (ii) real estate data and consulting services, and (iii) real estate brokerage network services. The table below sets forth certain information with respect to the operating results of these three segments without taking into account inter-segment elimination:

For the year ended 31 December									
2015			2016			2017			
Revenue	Profit/ (loss)	Profit margin	Revenue	Profit/ (loss)	Profit margin	Revenue	Profit/ (loss)	Profit margin	
(in thousands of RMB, except percentages)									
Real estate agency services in the primary market . . .	2,336,540	358,697	15.4%	3,568,575	885,852	24.8%	3,927,498	950,424	24.2%
Real estate data and consulting services .	433,077	(47,756)	(11.0%)	448,558	54,251	12.1%	634,023	159,327	25.1%
Real estate brokerage network services . .	–	–	–	34,689	(125,076)	(360.6%)	79,875	(125,101)	(156.6%)

SUMMARY

For the three months ended 31 March						
2017			2018			
Revenue	Profit/ (loss)	Profit margin	Revenue	Profit/ (loss)	Profit margin	
(in thousands of RMB, except percentages)						
(unaudited)						
Real estate agency services in the						
primary market	654,706	135,483	20.7%	734,847	240,479	32.7%
Real estate data and consulting services . .	186,412	68,256	36.6%	168,052	57,048	33.9%
Real estate brokerage network services . . .	14,330	(27,114)	(189.2%)	29,614	(34,197)	(115.5%)

Our real estate data and consulting services segment incurred a net loss in 2015 primarily because we made significant investments in 2014 and 2015 to develop home price rating services. We discontinued development of such services in 2015. Our real estate brokerage network services segment incurred net losses in 2016 and 2017 primarily because we made significant investments to quickly increase the size of our Fangyou brokerage network after its launch in 2016.

Selected Consolidated Statements of Financial Position Data

	As of 31 December			As of 31 March
	2015	2016	2017	2018
(in thousands of RMB)				
Total current assets	2,354,000	3,734,985	5,701,216	6,924,024
Total current liabilities	(1,559,061)	(2,825,754)	(4,177,082)	(4,429,094)
Net current assets	794,939	909,231	1,524,134	2,494,930
Total non-current assets	396,594	553,343	638,708	607,249
Total non-current liabilities	(290,513)	(366)	(219)	(182)
Net assets	901,020	1,462,208	2,162,623	3,101,997

We generally have long trade receivable turnover days during the Track Record Period because there is a time gap averaging four to seven months between our revenue recognition and billing. Our total trade receivables turnover days (before loss allowance), including both invoiced and uninvoiced balances, representing the average period from revenue recognition to subsequent cash settlement, in 2015, 2016, 2017 and the three months ended 31 March 2018 were 219 days, 201 days, 258 days and 364 days, respectively. Our uninvoiced trade receivables turnover days (before loss allowance), representing the average period from revenue recognition to invoice day, in 2015, 2016, 2017 and the three months ended 31 March 2018 were 143 days, 130 days, 159 days and 215 days, respectively. Total trade receivables turnover days (before loss allowance) decreased from 219 days in 2015 to 201 days in 2016, primarily due to our enhanced collection efforts. Total trade receivables turnover days (before loss allowance) increased from 201 days in 2016 to 258 days in 2017 primarily because the

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actual credit period we granted to many of our developer customers increased in 2017 as a result of commercial banks' tightened loan policies, which affected both real estate developers and property buyers. To a lesser extent, the increase in total trade receivables turnover days (before loss allowance) was also due to an increase in the proportion of accounts receivables that were settled in commercial bills. Total trade receivables turnover days (before loss allowance) further increased to 364 days for the three months ended 31 March 2018. Our total trade receivables turnover days (before loss allowance) are generally longer in the first quarter of each year as revenue is proportionally lower in this quarter due to the relatively low level of real estate activities during the winter and the Chinese New Year holiday period, as such the Directors expect that the total trade receivables turnover days (before loss allowance) in 2018 will be shorter than that for the three months ended 31 March 2018. With the intention of nurturing and maintaining long term business relationships with our major customers which are Top 100 Real Estate Developers, we are minded to grant longer settlement periods with such customers and the Directors expect the total trade receivables turnover days (before loss allowance) in 2018 may be longer than that in 2017. Even though the total trade receivables turnover days (before loss allowance) in 2018 may be longer than that in 2017, the Directors do not expect there will be a material adverse change in the recoverability of our trade receivables, given the historical loss allowance on financial assets recognised in profit or loss (primarily on trade receivables) only represented 2.3%, 2.6%, 2.6% and 1.3% of our revenue in 2015, 2016 and 2017 and the three months ended 31 March 2018, respectively, and most of our trade receivables are attributable to the Top 100 Real Estate Developers, on which we will regularly conduct credit checks.

We have adopted a policy that before we accept a new client, we assess the potential client's credit quality and set a credit limit for such potential client. We regularly review the credit limit and credit term granted to clients. In order to minimise credit risk, we will only deal with creditworthy entities and obtaining real estate properties as collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. We have also tasked a credit management committee to develop and continuously monitor the credit risk gradings of our customers. When the receivables are aged over six months (based on revenue recognition date), we start to take initiatives to negotiate a settlement plan and timetable with the relevant customer. Furthermore, we review the recoverable amount of each trade receivable on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts.

For details, please see the section headed "Financial Information – Net Current Assets – Discussion of Key Balance Sheet Items – Trade receivables".

SUMMARY

Selected Consolidated Statements of Cash Flows Data

	For the year ended 31 December			For the three months ended 31 March	
	2015	2016	2017	2017	2018
	(in thousands of RMB)				
	(unaudited)				
Net cash from/(used in) operating activities	295,166	409,669	(275,018)	111,433	(101,961)
Net cash (used in)/from investing activities...	(294,875)	134,059	4,572	(4,420)	(1,281)
Net cash (used in)/from financing activities	(111,277)	(34,504)	1,103,441	49,960	1,539,898
Net (decrease)/increase in cash and cash equivalents	(110,986)	509,224	832,995	156,973	1,436,656
Cash and cash equivalents at beginning of the year/period . .	576,766	465,756	974,946	974,946	1,791,290
Effect of exchange rate change . .	(24)	(34)	(16,651)	3	(45,781)
Cash and cash equivalents at the end of the year/period	<u>465,756</u>	<u>974,946</u>	<u>1,791,290</u>	<u>1,131,922</u>	<u>3,182,165</u>

The principal reason for our net operating cash outflows in 2017 was that we paid income taxes of RMB522.3 million in 2017, compared with RMB33.5 million in 2015 and RMB92.7 million in 2016. We had a significant one-off increase in income tax payments because we changed our tax filing policy in 2017. See the section headed “Financial Information – Key Components of Our Results of Operations – Taxation”. The primary reason for our net operating cash outflows for the three months ended 31 March 2018 was that we made performance-based payments for the year 2017 to our employees before the Chinese New Year in February 2018.

Financial Ratios

	As of/for the year ended 31 December			As of/for the three months ended 31 March	
	2015	2016	2017	2017	2018
	(Unaudited)				
Operating profit margin ⁽¹⁾	11.1%	19.7%	20.7%	21.0%	26.7%
Net profit margin ⁽²⁾	6.5%	14.3%	16.5%	15.8%	16.4%
Return on assets ⁽³⁾	5.2%	16.3%	14.4%	12.8%	8.8%
Return on equity ⁽⁴⁾	11.8%	48.4%	42.2%	35.2%	23.2%
Current ratio ⁽⁵⁾	151.0%	132.2%	136.5%	142.4%	156.3%
Gearing ratio ⁽⁶⁾	49.9%	26.7%	20.8%	30.1%	17.7%

Notes:

- (1) Operating profit margin equals our operating profit for the year divided by revenue for the year/period. For definition of operating profit, please see the section headed “Financial Information – Non-IFRS Measures – Operating Profit and Operating Profit Margin.”
- (2) Net profit margin equals our profit and total comprehensive income for the year/period divided by revenue for the year/period.
- (3) Return on assets for the year ended 31 December 2015, 2016 and 2017 equals profit and total comprehensive income for the year divided by the average of the total assets at the beginning of the year and the total assets as of the end of the year. Return on assets for the three months ended 31 March 2017 and 31 March 2018 equals profit and total comprehensive income for the period multiplied by four, divided by the average of the total assets at the beginning of the year and the total assets as of the end of the period.

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- (4) *Return on equity for the year ended 31 December 2015, 2016 and 2017 equals profit and total comprehensive income for the year divided by the average of the total equity at the beginning of the year and the total equity as of the end of the year. Return on equity for the three months ended 31 March 2017 and 31 March 2018 equals profit and total comprehensive income for the period multiplied by four, divided by the average of the total equity at the beginning of the year and the total equity as of the end of the period.*
- (5) *Current ratio equals our current assets divided by current liabilities as of the end of the year/period.*
- (6) *Gearing ratio equals total debt divided by total equity as of the end of the year/period. Total debt consists of all interest-bearing bank loans.*

DIVIDEND

During the Track Record Period, PRC Holdco paid dividends of RMB600.0 million in 2015 to CRE BVI. Subject to applicable laws, we currently do not have any specific dividend policy. Any amount of dividends we may declare and pay will be at the discretion of our board of directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our board of directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our board of directors. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

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 commissions and other estimated expenses paid and payable by us in the Global Offering (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:

Use of proceeds	% of the net proceeds	HK\$ million
Upgrading our real estate data systems	28.0%	1,385.3
Geographical expansion of our real estate agency services in the primary market	26.2%	1,299.4
Geographical expansion of our real estate brokerage network services	23.3%	1,153.3
Staff training	7.3%	363.8
Brand promotion	3.4%	165.9
Developing an integrated service management platform	1.8%	87.6
General corporate purposes	10.0%	495.1

SUMMARY

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Global Offering (including the Shares that may be issued pursuant to the exercise of the Over-allotment Option and options granted under the Pre-IPO Share Option Scheme and which may be granted under the Post-IPO Share Option Scheme) on the basis that, among other things, we satisfy the profit test under Rule 8.05(1) of the Listing Rules.

GLOBAL OFFERING

This document is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises (subject to the Over-allotment Option): (i) the Hong Kong Public Offering of 32,283,600 Offer Shares (subject to reallocation), and (ii) the International Offering of 290,552,400 Offer Shares (subject to reallocation and the Over-allotment Option).

The Offer Shares will represent approximately 22.0% of the issued share capital of our Company immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options granted under the Pre-IPO Share Option Scheme and any grants under the Post-IPO Share Option Scheme). If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 24.5% of the issued share capital of our Company immediately following the completion of the Global Offering.

RECENT DEVELOPMENTS

In 2018, we have experienced continued growth in our overall business and particularly in our real estate brokerage network services segment. As of 31 May 2018, the number of Fangyou-branded stores increased to 7,051, covering 52 cities. Subsequent to the Track Record Period, the performance of our two other segments are in line with the trends shown in the three months ended 31 March 2018. Specifically, the total GFA and total value of new properties sold have continued to increase, and the average commission rate has remained relatively stable, each compared with the same period in 2017. For the year ending 31 December 2018, we expect to incur significant expenses in connection with the Global Offering and share-based payments, which would have an adverse impact on our results of operations.

Our Directors confirm that there has been no material adverse change in our financial or trading position or prospects since 31 March 2018 (being the date on which the latest audited consolidated financial information of our Group was prepared), and there has been no event since 31 March 2018 and up to the date of this prospectus that could materially affect the information shown in the Consolidated Financial Statements.

SUMMARY

LISTING EXPENSES

We expect to incur a total of RMB189.3 million of listing expenses (assuming an Offer Price of HK\$16.03, being the mid-point of the indicative Offer Price Range between HK\$14.38 and HK\$17.68, and assuming that the Over-allotment Option is not exercised) in relation to the Global Offering, of which RMB47.0 million is expected to be charged to our consolidated statements of profit or loss and other comprehensive income for the year ending 31 December 2018 and RMB142.3 million is directly attributable to the issue of the Shares to the public and to be capitalised. Listing expenses represent professional fees and other fees incurred in connection with the Listing, including underwriting commissions but excluding discretionary bonus. The listing expenses above are the best estimate as of the Latest Practicable Date and for reference only and the actual amount may differ from this estimate. We do not expect these listing expenses to have a material impact on our results of operations in 2018.

OFFERING STATISTICS

All statistics in the following table are based on the assumption that the Global Offering have been completed and 322,836,000 Shares are issued pursuant to the Global Offering.

	Based on an Offer Price of HK\$14.38 per Offer Share	Based on an Offer Price of HK\$17.68 per Offer Share
Market capitalisation of our Shares ⁽¹⁾	HK\$21,101.7 million	HK\$25,944.3 million
Unaudited pro forma adjusted net tangible asset per Share ⁽²⁾	HK\$5.57	HK\$6.28

Notes:

- (1) *The calculation of market capitalisation is based on 1,467,436,000 Shares expected to be in issue immediately upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised and without taking into account any Shares that may be issued upon the exercise of any options under the Pre-IPO Share Option Scheme and any options which may be granted under the Post-IPO Share Option Scheme.*
- (2) *The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as of 31 March 2018 is calculated based on 1,467,436,000 Shares in issue immediately following the completion of the Global Offering. It does not take into account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or the options granted under the Pre-IPO Share Option Scheme or the options which may be granted under the Post-IPO Share Option Scheme and any Shares which may be issued or repurchased by the Company pursuant to the “General Mandate to Issue Shares” or “General Mandate to Repurchase Shares” detailed under the section headed “Share Capital” in this document, as applicable.*

DEFINITIONS

In this document, unless the context otherwise requires, the following terms shall have the following meanings. Certain technical terms are explained in the section headed “Glossary of Technical Terms”.

“ADS(s)”	American depositary shares
“affiliate”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Application Form(s)”	WHITE Application Form(s), YELLOW Application Form(s) or GREEN Application Form(s), individually or collectively, as the context so requires, which is used in relation to the Hong Kong Public Offering
“Articles” or “Articles of Association”	the articles of association of our Company conditionally adopted on 4 July 2018 with effect from the Listing Date, as amended from time to time, a summary of which is set out in the section headed “Summary of the Constitution of the Company and Cayman Company Law” in Appendix III
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Banking Ordinance”	Banking Ordinance (Chapter 155 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Beijing Jinyue”	Beijing Yijieyou Enterprise Management Consultancy Co., Ltd. (北京易杰優企業管理諮詢有限公司) (formerly known as Beijing Jinyue Real Estate Brokerage Co., Ltd. (北京金岳房地產經紀有限公司)), a company incorporated in the PRC on 3 January 2003 and a wholly-owned subsidiary of E-House Management
“Board”	the board of directors of our Company
“business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business

DEFINITIONS

“BVI”	the British Virgin Islands
“Cayman Companies Law”	the Companies Law (2018 Revision) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Cayman Registrar”	the Registrar of Companies of the Cayman Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“China” or “the PRC”	the People’s Republic of China, and for the purposes of this document only, except where the context requires otherwise, excluding Hong Kong, the Macao Special Administrative Regions of the People’s Republic of China and Taiwan
“CICC”	China International Capital Corporation Hong Kong Securities Limited
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Company”, “our Company” or “the 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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Consolidated Financial Statements”	the audited consolidated financial statements of our Group for the financial years ended 31 December 2015, 2016 and 2017 and the three months ended 31 March 2018 as included in the section headed “Accountants’ Report” in Appendix I
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Zhou and the entities controlled by him through which he holds his interest in our Company, namely, On Chance, Jun Heng, Kanrich, E-House Holdings, E-House (China) Holdings, CRE Corp and Regal Ace, as further detailed in the section headed “Relationship with our Controlling Shareholders”
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Country Garden”	Country Garden Holdings Company Limited (碧桂園控股有限公司), a company incorporated in the Cayman Islands with limited liability and listed on the Stock Exchange with stock code 2007 and our substantial shareholder
“CRE BVI”	E-House (China) Information Technology Co., Ltd. (易居(中國)信息技術有限公司) (formerly known as CRIC (China) Information Technology Co., Ltd. (克而瑞(中國)信息技術有限公司)), a company incorporated in the British Virgin Islands with limited liability on 25 April 2006 and a wholly-owned subsidiary of CRE Corp, which is one of our Controlling Shareholders
“CRE Corp”	China Real Estate Information Corporation (中國房產信息集團) (formerly known as CRIC Holdings Limited (CRIC控股有限公司)), a company incorporated in the Cayman Islands with limited liability on 21 August 2008 and one of our Controlling Shareholders

DEFINITIONS

“Credit Suisse”	Credit Suisse (Hong Kong) Limited
“CRIC Systems”	a series of proprietary real estate databases and analysis systems developed and owned by our Company
“CSRC”	China Securities Regulatory Commission
“Cushman & Wakefield”	Cushman & Wakefield Limited, an independent professional real estate consultant and independent property valuer
“Cushman & Wakefield Report”	the market research report on the real estate transaction service industry prepared by Cushman & Wakefield and commissioned by us
“Director(s)”	the director(s) of our Company
“E-House (China) Holdings”	E-House (China) Holdings Limited (易居(中國)控股有限公司), a company incorporated in the Cayman Islands with limited liability on 27 August 2004 and one of our Controlling Shareholders
“E-House Holdings”	E-House Holdings Limited, a company incorporated in the Cayman Islands with limited liability on 31 July 2015 and one of our Controlling Shareholders
“E-House Management”	E-House (China) Enterprise Management Group Limited (易居(中國)企業管理集團有限公司) (formerly known as Shanghai Real Estate Consultancy and Sales (Group) Co., Ltd. (上海房屋銷售(集團)有限公司)), a company established in the PRC on 15 August 2000, and a wholly-owned subsidiary of E-House (China) Holdings, which is one of our Controlling Shareholders
“E-House Management Holdco”	E-House (China) Management Company Limited (易居(中國)管理有限公司) (formerly known as E-House Real Estate Ltd.), a company incorporated in the British Virgin Islands with limited liability on 4 January 2005 and automatically re-registered on 1 January 2007 under the BVI Business Companies Act, 2004, and an indirect wholly-owned subsidiary of E-House (China) Holdings, which is one of our Controlling Shareholders

DEFINITIONS

“E-House Xiangyue”	Shanghai E-House Xiangyue Real Estate Sales Co., Ltd. (上海易居祥悅房屋銷售有限公司), a company established in the PRC on 18 January 2010, and an indirect wholly-owned subsidiary of the Company
“Evergrande”	China Evergrande Group (中國恒大集團有限公司), (formerly known as Evergrande Real Estate Group Limited (恒大地產集團有限公司)), a company incorporated in the Cayman Islands with limited liability and listed on the Stock Exchange with stock code 3333, and our substantial shareholder
“GDP”	gross domestic product
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Governmental Authority”	any governmental, regulatory, or administrative commission, board, body, authority, or agency, or any stock exchange, self-regulatory organisation, or other non-governmental regulatory authority, or any court, judicial body, tribunal, or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign, or supranational
“ GREEN Application Form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
“Group”, “our Group”, “the Group”, “we”, “us” or “our”	the Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Offer Shares”	the 32,283,600 Shares initially being offered by the Company for subscription in the Hong Kong Public Offering (subject to reallocation as described in the section headed “Structure of the Global Offering”)
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described and the Application Forms, as further described in the section headed “Structure of the Global Offering – The Hong Kong Public Offering”
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Takeovers Code” or “Takeovers Code”	Code on Takeovers and Mergers and Share Buy-back issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering as listed in the section headed “Underwriting – Hong Kong Underwriters”
“Hong Kong Underwriting Agreement”	the Hong Kong underwriting agreement, dated 9 July 2018, relating to the Hong Kong Public Offering, entered into among the Joint Representatives, the Joint Sponsors, the Hong Kong Underwriters, the Controlling Shareholders and our Company, as further described in the section headed “Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering”
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“Independent Third Party” or “Independent Third Parties”	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“International Offer Shares”	the 290,552,400 Shares being initially offered by the Company for subscription under the International Offering together, where relevant, with any additional Shares that may be issued pursuant to any exercise of the Over-allotment Option, subject to reallocation as described in the section headed “Structure of the Global Offering”
“International Offering”	the conditional placing of the International Offer Shares at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) outside the United States in offshore transactions in accordance with Regulation S and in the United States to QIBs only in reliance on Rule 144A or any other available exemption from the registration requirement under the U.S. Securities Act, as further described in the section headed “Structure of the Global Offering”
“International Underwriters”	the underwriters of the International Offering
“International Underwriting Agreement”	the international underwriting agreement relating to the International Offering and expected to be entered into by our Company, the Controlling Shareholders, the Joint Representatives and the International Underwriters on or about 14 July 2018, as further described in the section headed “Underwriting – Underwriting Arrangements and Expenses – International Offering”
“Joint Bookrunners”	CICC, Credit Suisse, The Hongkong and Shanghai Banking Corporation Limited, BNP Paribas Securities (Asia) Limited, Citigroup Global Markets Asia Limited (in relation to the Hong Kong Public Offering), Citigroup Global Markets Limited (in relation to the International Offering), CMB International Capital Limited, China Merchants Securities (HK) Co., Limited, Haitong International Securities Company Limited, Head & Shoulders Securities Limited, ICBC International Capital Limited and Juhui Financial Securities Limited
“Joint Global Coordinators”	CICC, Credit Suisse and The Hongkong and Shanghai Banking Corporation Limited

DEFINITIONS

“Joint Lead Managers”	CICC, Credit Suisse, The Hongkong and Shanghai Banking Corporation Limited, BNP Paribas Securities (Asia) Limited, Citigroup Global Markets Asia Limited (in relation to the Hong Kong Public Offering), Citigroup Global Markets Limited (in relation to the International Offering), CMB International Capital Limited, China Merchants Securities (HK) Co., Limited, Haitong International Securities Company Limited, Head & Shoulders Securities Limited, ICBC International Securities Limited and Juhui Financial Securities Limited
“Joint Representatives”	CICC and Credit Suisse
“Joint Sponsors”	CICC and Credit Suisse
“Jun Heng”	Jun Heng Investment Limited, a company incorporated in the British Virgin Islands on 13 June 2002 and one of our Controlling Shareholders
“Jupai”	Jupai Holdings Limited, a company incorporated in the Cayman Islands with limited liability on August 2012 and listed on NYSE with stock code JP and which is held as to 21.841% by E-House (China) Holdings (one of our Controlling Shareholders) as at the Latest Practicable Date
“Kanrich”	Kanrich Holdings Limited, a company incorporated in the British Virgin Islands on 14 December 2012 and one of our Controlling Shareholders
“Latest Practicable Date”	1 July 2018, being the latest practicable date for ascertaining certain information in this document before its publication
“Laws”	all laws, statutes, legislation, ordinances, rules, regulations, guidelines, opinions, notices, circulars, orders, judgements, decrees, or rulings of any Governmental Authority (including, without limitation, the Stock Exchange and the SFC) of all relevant jurisdictions
“Leju”	Leju Holdings Limited, a company incorporated in the Cayman Islands with limited liability on 20 November 2013 and listed on NYSE with stock code LEJU and which is held as to 35.297% by the E-House (China) Holdings (one of our Controlling Shareholders) as at the Latest Practicable Date

DEFINITIONS

“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about 20 July 2018, on which the Shares are listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“Maximum Offer Price”	HK\$17.68 per Offer Share, being the maximum subscription price in the Offer Price Range
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company conditionally adopted on 4 July 2018, with effect from the Listing Date, as amended from time to time
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Zhou”	Mr. Zhou Xin (周忻), our Executive Director and Controlling Shareholder
“NASDAQ”	National Association of Securities Dealers Automated Quotations
“NDRC”	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Nomination Committee”	the nomination committee of the Board
“NYSE”	the New York Stock Exchange

DEFINITIONS

“Offer Price”	the final offer price per Offer Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee), expressed in Hong Kong dollars, at which Hong Kong Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering and International Offer Shares are to be offered pursuant to the International Offering, to be determined as described in the section headed “Structure of the Global Offering – Pricing and Allocation”
“Offer Price Range”	HK\$14.38 to HK\$17.68 per Offer Share
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares together, where relevant, with any additional Shares to be issued by our Company pursuant to the exercise of the Over-allotment Option
“On Chance”	On Chance, Inc., a company incorporated in the British Virgin Islands on 21 January 2002 and one of our Controlling Shareholders
“Over-allotment Option”	the option expected to be granted by the Company to the International Underwriters, exercisable by the Joint Representatives on behalf of the International Underwriters at any time from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require the Company to issue up to an aggregate of 48,425,400 additional Shares (representing not more than 15% of the total number of Offer Shares initially available under the Global Offering) at the Offer Price under the International Offering to, among other things, cover over-allocations in the International Offering, if any, details of which are described in the section headed “Structure of the Global Offering – Over-allotment Option”
“PBOC”	People’s Bank of China
“Post-IPO Share Option Scheme”	the post-IPO share option scheme conditionally approved and adopted by our Company, the principal terms of which are set out in the section headed “Statutory and General Information – Post-IPO Share Option Scheme” in Appendix IV

DEFINITIONS

“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 our Company
“PRC Legal Adviser”	Grandall Law Firm (Shanghai), our legal adviser on PRC law
“Pre-IPO Investment(s)”	the investment(s) in the Company undertaken by the Pre-IPO Investors pursuant to the respective share subscription agreement(s) and/or share transfer agreement(s) prior to the Global Offering, the details of which are set out in the section headed “History, Reorganisation and Corporate Structure”
“Pre-IPO Investor(s)”	the investors as set out in the table in the section headed “History, Reorganisation and Corporate Structure – Pre-IPO Investments – Principal terms of the Pre-IPO Investments”
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme approved and adopted by our Company, the principal terms of which are set out in the section headed “Statutory and General Information – Pre-IPO Share Option Scheme” in Appendix IV
“Price Determination Agreement”	the agreement to be entered into between our Company and the Joint Representatives (for themselves and on behalf of the Underwriters) on or about the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or about 14 July 2018 and in any event no later than 19 July 2018, on which the Offer Price is to be fixed by an agreement between our Company and the Joint Representatives (on behalf of the Underwriters)
“Principal Share Registrar and Transfer Office”	Maples Fund Services (Cayman) Limited
“QIB”	a qualified institutional buyer within the meaning of Rule 144A
“Regal Ace”	Regal Ace Holdings Limited, a company incorporated in the British Virgin Islands on 10 July 2015 and one of our Controlling Shareholders

DEFINITIONS

“Regulation S”	Regulation S under the U.S. Securities Act
“Relevant Person”	the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of their or the Company’s respective directors, officers, employee, agents or representatives and any other parties involved in the Global Offering.
“Remuneration Committee”	the remuneration committee of the Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“Rule 144A”	Rule 144A under the U.S. Securities Act
“SAFE”	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAIC”	State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中華人民共和國國務院國有資產監督管理委員會)
“SAT”	State Administration of Taxation (國家稅務總局)
“Securities and Futures Ordinance” or “SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SFC”	Securities and Futures Commission of Hong Kong
“Shanghai Lituo”	Shanghai Lituo Real Estate Brokerage Co., Ltd. (上海勵拓房地產經紀有限公司), a company established in the PRC on 11 November 2014 and an indirect wholly-owned subsidiary of the Company
“Shanghai Trading”	Shanghai E-House Real Estate Trading Service Co., Ltd. (上海易居房地產交易服務有限公司), a company established in the PRC on 30 October 2015, and a wholly-owned subsidiary of PRC Holdco

DEFINITIONS

“Shanghai Urban”	Shanghai Urban Development (Group) Co., Ltd. (上海城開(集團)有限公司), a company established in the PRC on 30 April 1996, and a substantial shareholder of our subsidiary, Shanghai Urban Development Real Estate Brokerage Co., Ltd. (上海城開房地產經紀有限公司)
“Share(s)”	ordinary share(s) in the share capital of the Company, currently with a par value of US\$0.00001 each
“Shareholder(s)”	holder(s) of our Share(s)
“Shareholders’ Agreement”	the investors’ rights agreement dated 16 March 2018, entered into by and among our Company, Mr. Zhou, CRE Corp, Kanrich, Regal Ace and the Pre-IPO Investors
“Stabilisation Manager”	CICC
“State Council”	State Council of the PRC (中華人民共和國國務院)
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“TED”	Shanghai TED Internet Technology Co., Ltd. (上海太德勵拓互聯網科技股份有限公司), a company established in the PRC on 9 February 2007 and listed on National Equities Exchange and Quotations with stock code 837383
“the Stock Exchange” or “the Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Track Record Period”	the three financial years ended 31 December 2015, 2016 and 2017 and the three months ended 31 March 2018
“U.S. Securities Act”	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement

DEFINITIONS

“United States”, “U.S.” or “US”	United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US dollars”, “U.S. dollars”, “US\$” or “USD”	United States dollars, the lawful currency of the United States
“Vanke”	China Vanke Co., Ltd. (萬科企業股份有限公司), a limited liability company established in the PRC and listed on the Stock Exchange and the Shenzhen Stock Exchange with stock codes 2202 and 000002, respectively, and our substantial shareholder
“VAT”	value-added tax
“ WHITE Application Form(s)”	the form of application for the Hong Kong Offer Shares for use by the public who require such Hong Kong Offer Shares to be issued in the applicants’ own name
“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name, submitted online through the designated website of the White Form eIPO Service Provider, at www.eipo.com.hk
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“ YELLOW Application Form(s)”	the form of application for the Hong Kong Offer Shares for use by the public who require such Hong Kong Offer Shares to be deposited directly into CCASS
“%”	per cent

GLOSSARY OF TECHNICAL TERMS

This glossary contains definitions of certain terms used in this document in connection with our Company and our business. These terms and their definitions may not correspond to any industry standard definitions, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as our Company.

“CAGR”	compound annual growth rate
“first-tier cities”	four cities in China, namely, Beijing, Shanghai, Guangzhou and Shenzhen, according to information from the National Bureau of Statistics
“GFA”	gross floor area
“primary real estate market”	the market for newly constructed residential and commercial properties where the sellers are generally real estate developers
“secondary real estate market”	the market for existing residential and commercial properties where the sellers are generally not real estate developers
“second-tier cities”	31 cities in China, namely, Shijiazhuang, Zhengzhou, Xi’an, Taiyuan, Jinan, Lanzhou, Shenyang, Changchun, Harbin, Kunming, Guiyang, Fuzhou, Haikou, Chengdu, Wuhan, Changsha, Nanchang, Hefei, Hangzhou, Xining, Urumqi, Hohhot, Yinchuan, Nanning, Tianjin, Chongqing, Nanjing, Qingdao, Xiamen, Ningbo and Dalian, according to information from the National Bureau of Statistics
“third- and fourth-tier cities”	all cities in China other than first-tier cities and second-tier cities
“Top 100 Real Estate Developers”	real estate developers ranked first through 100th in China as measured by sales according to Cushman & Wakefield, which may consist of slightly more than 100 developers in certain years due to multiple developers tied at the end of the list; unless otherwise indicated, such ranking is based on actual or estimated contracted sales in 2017

FORWARD-LOOKING STATEMENTS

Certain statements in this document are forward-looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, future events, or performance (often, but not always, through the use of words or phrases such as ‘will’, ‘expect’, ‘anticipate’, ‘estimate’, ‘believe’, ‘going forward’, ‘ought to’, ‘may’, ‘seek’, ‘should’, ‘intend’, ‘plan’, ‘projection’, ‘could’, ‘vision’, ‘goals’, ‘aim’, ‘aspire’, ‘objective’, ‘target’, ‘schedules’ and ‘outlook’) are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including, but not limited to, the risk factors detailed in this document), uncertainties and other factors some of which are beyond our Company’s control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our future business development, financial condition and results of operations;
- our business strategies and plans to achieve these strategies;
- our ability to identify and satisfy user demands and preferences;
- our ability to maintain good relationships with business partners;
- general economic, political and business conditions in the industries and markets in which we operate;
- relevant government policies and regulations relating to our industry, business and corporate structure;
- the actions and developments of our competitors; and
- all other risks and uncertainties described in the section headed “Risk Factors”.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of, or references to, our intentions or those of any of our Directors are made as of the date of this document. Any such intentions may change in light of future developments.

All forward-looking statements in this document are expressly qualified by reference to this cautionary statement.

RISK FACTORS

An investment in our Shares involves significant risks. You should carefully read and consider all of the information in this document including the risks and uncertainties described below before deciding to make any investment in our Shares. Our business, financial condition or results of operations could be materially adversely affected by any of these risks and uncertainties. The trading price of our Shares could decline due to any of these risks and uncertainties. As a result you may lose part or all of your investment.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorised these risks and uncertainties into: (i) risks related to our business and industry; (ii) risks related to doing business in China; and (iii) risks related to the Global Offering.

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

Our business is susceptible to fluctuations in the real estate market of China, which may materially and adversely affect our revenues and results of operations.

We conduct our real estate services business primarily in China. Our business depends substantially on the condition of the PRC real estate market. Demand for private residential real estate in China has grown rapidly in the recent decade but such growth is often coupled with volatility in market conditions and fluctuations in real estate prices. Fluctuations of supply and demand in China's real estate market are affected by economic, social, political and other factors. Over the years, governments at both national and local levels have announced and implemented various policies and measures aimed to regulate the real estate market, in some cases to stimulate further development and more purchases of residential real estate units and in other cases to restrict these activities from growing too rapidly. These measures can affect real estate buyers' eligibility to purchase multiple real estate units, their down-payment requirements and financing, as well as availability of land to developers and their ability to obtain financing. These measures have affected and may continue to affect the condition of China's real estate market and cause fluctuations in real estate prices and transaction volumes. See the subsection headed "Risks Related to Our Business and Industry – Our business may be materially and adversely affected by government measures aimed at China's real estate industry." Furthermore, there may be situations in which China's real estate industry is so active that real estate developers see a reduced need for marketing initiatives and reduce their spending on such initiatives and the commissions they are prepared to pay, which could potentially adversely affect our results of operations. To the extent fluctuations in the real estate market adversely affect real estate transaction volumes or prices, our financial condition and results of operations may be materially and adversely affected.

RISK FACTORS

Our business may be materially and adversely affected by government measures aimed at China's real estate industry.

The real estate industry in China is subject to government regulation. In recent years, PRC government agencies have issued a number of restrictive rules on the real estate market. For example, in January 2011, the State Council issued the “New Eight Policies,” pursuant to which all direct-controlled municipalities, all provincial capitals and certain other cities where the local housing prices were deemed to be too high or to have risen too fast, were required to temporarily suspend the sale of housing units to families with registered local permanent residency that already own two or more housing units, families without registered local permanent residency that already own one or more housing units, and families without registered local permanent residency that cannot provide evidence of their local payment of taxes or social insurance premiums for a required period. In early 2013, the State Council issued the “New Five Policies” for the administration of the housing market and detailed implementation rules, which reflected the PRC government’s strong determination to curb the increase of housing prices by requiring more stringent implementation of housing price control measures. For example, in the cities where housing unit sales have already been subject to restrictions, if the local housing supply is not sufficient so that the housing prices are rising too fast, local governments are required to take more stringent measures to restrict housing units from being sold to those families who own one or more housing units. Following the request of the central government, Beijing, Shanghai and other major cities in China announced detailed regulations for the New Five Policies in March 2013 to further restrict local real estate markets.

Although certain local governments loosened some of the restrictive measures in 2015 and early 2016 to moderately stimulate the real estate market, such as lowering the minimum percentage of down-payment for housing purchases and relaxing real property related tax policies, those local governments subsequently retightened certain policies and issued new restrictive policies in late 2016 and 2017. For example, the minimum percentages of down-payment and mortgage loan interest rates were raised again. These regulatory measures and policies by the government have caused a reduction in transactions in the real estate market. While these measures and policies remain in effect, they may continue to depress the real estate market, dissuade potential purchasers from making purchases, reduce transaction volume, cause a decline in average selling prices, and prevent developers from raising the capital they need and increase developers’ costs to start new projects. The general trend of tightening government regulation over real estate industry may result in lower growth rates in the real estate industry. Frequent changes in government policies may also create uncertainties that could discourage investments in real estate and developers from initiating new projects. Our business and results of operations may be materially and adversely affected as a result of decreased transaction volumes or real estate prices that may result from government policies.

RISK FACTORS

We generate a substantial portion of revenue from a concentrated number of real estate developers.

In 2015, 2016, 2017 and the three months ended 31 March 2018, we derived 31.7%, 36.6%, 44.1% and 47.0%, respectively, of our total revenues from services rendered to our top five customers, all of which are real estate developers in China. In particular, in these periods, we generated 22.3%, 26.9%, 35.1% and 33.8% of our revenues from Evergrande, our single largest customer. In the future, these real estate developers may not continue to engage our services at the same level, or at all, or they may experience financial or other difficulties that prevent them from making timely delivery of their properties under development. Should these real estate developers terminate their contracts with us or substantially reduce their business with us and we fail to find alternative real estate developers to provide us with revenue-generating business, or if any of them fails to make timely delivery of its properties under development, our financial condition and results of operations may be materially and adversely affected. Even if we can maintain our relationships with these real estate developers, should one or more of them encounter any issue in their business or liquidity, we may not be able to grow our business with them or collect payments from them on time or at all, which will affect our own business and/or liquidity.

Our real estate brokerage network services have a limited operating history and are provided under a new business model.

Although we have operated in the PRC real estate service market since 2000, we only recently started to offer real estate brokerage network services in January 2016. Revenue generated from our real estate brokerage network services increased from RMB31.2 million in 2016 to RMB77.2 million in 2017, and as a percentage of our total revenue increased from 0.8% in 2016 to 1.7% in 2017. We expect this business segment to grow rapidly in the coming years, but its short operating history makes it difficult to assess its future prospects.

Furthermore, operation of a new business segment may expose us to new risks and uncertainties. Our real estate brokerage network services are offered under an innovative “S2B2C” business model. We provide comprehensive services to Fangyou-branded stores to empower them to better serve customers in the secondary real estate market. See the section headed “Business – Our Services – Real Estate Brokerage Network Services” for further details. We cannot assure you that our new business model will be successful. If our services are not favourable received by Fangyou-branded stores and their customers, our real estate brokerage network services business may not grow as fast as we expect, or at all. In addition, we cannot assure you that our new business model will be profitable. We do not charge Fangyou-branded stores for our services. Instead, through our real estate brokerage network services, we currently derive revenue primarily by sourcing buyers of new properties through our Fangyou-branded stores and other cooperating real estate brokerage firms for our developer customers. We do not control or interfere with the business operations of Fangyou-branded stores and other cooperating real estate brokerage firms, nor do we set minimum sales targets for them. If our new business model is successful, our competitors may imitate our services, which could reduce our business volumes or increase our costs.

RISK FACTORS

Failure to maintain or enhance our brands or image could have a material and adverse effect on our business and results of operations.

We operate our three major business lines under the “E-House” series of brands, which we believe are associated with a leading integrated real estate services company with consistent high-quality services among both real estate developers and individual real estate buyers in China. Our “CRIC” brand is associated with a leading real estate information and consulting service provider. Our brands are integral to our sales and marketing efforts. Our continued success in maintaining and enhancing our brands and image depends to a large extent on our ability to satisfy customer needs by further developing and maintaining quality of services across our operations, as well as our ability to respond to competitive pressures. If we are unable to satisfy customer needs or if our public image or reputation were otherwise diminished or damaged including by matters outside of our control, our business transactions with our customers may decline, which could in turn adversely affect our results of operations.

If we are unable to compete successfully, our financial condition and results of operations may be harmed.

We encounter intense competition in each of our business segments on a national, regional and local level. Competition in the industry is primarily based on quality of services, brand name recognition, geographic coverage, commission rates or service fees, and range of services. Compared to real estate development, providing real estate services does not require significant capital commitments. New and existing competitors may offer competitive rates, greater convenience or superior services, which could attract customers away from us, resulting in lower revenues for our operations. Our commission rates are based on individually negotiated contracts with our developer clients, which are affected by the competitive landscape of the relevant local real estate market. Increased competition among real estate service companies in the primary market could result in decreases in the average commission rates in the industry or in a particular local market. In addition, the real estate development market in China has been experiencing significant consolidation in recent years. As a result of such consolidation, the market share of large and sophisticated developers has gradually increased. These developers generally have higher requirements on real estate transaction service providers, such as the ability to provide integrated solutions covering various stages of real estate development and sufficient nationwide resources to execute such solutions. The new competitive landscape has placed additional demands on us to increase the amount of resources we provide to our customers and improve the quality of our services in order to retain our customers. As a result, we may not be able to continue to compete effectively and to maintain our current commission rates or profit margin levels. Furthermore, competition among real estate service companies may also increase our costs to attract or retain talented employees.

Although we are one of the largest real estate service companies in China, our relative competitive position varies significantly by service type and geographic area. We may not be able to continue to compete effectively, maintain our current fee arrangements or margin levels or ensure that we will not encounter increased competition. Some of our competitors may have smaller aggregate businesses than us, but may be more established and have greater market presence and brand name recognition on a local or regional basis. If we fail to compete effectively, our business operations and financial condition will suffer.

RISK FACTORS

If we fail to successfully execute the business plans for our strategic cooperation, our results of operations and prospects may be materially and adversely affected.

We have entered into strategic cooperation with a number of leading real estate developers in China. The success of these strategic cooperation depends on, among others, our successful sales and marketing of the projects and properties, the developers' ability to make timely delivery of properties in satisfactory quality and quantity and purchasers' ability to obtain financing and complete their purchase obligations. If we fail to successfully market and sell these new properties, or if purchasers fail to complete their purchase obligations for any reason, we may not be able to continue the existing strategic cooperation or enter into new strategic relationships with leading real estate developers and our results of operations and prospects may be materially and adversely affected.

If we cannot manage our growth effectively and efficiently, our results of operations or profitability could be adversely affected.

Our revenues increased from RMB2.7 billion in 2015 to RMB4.6 billion in 2017, representing a CAGR of 30.6%, and increased by 8.8% from RMB854.8 million in the three months ended 31 March 2017 to RMB930.2 million in the three months ended 31 March 2018. We intend to continue to expand our services and operations. See the sections headed "Business – Our Strategies" and "Future Plans and Use of Proceeds". This expansion has placed, and will continue to place, substantial demands on our managerial, operational, technological and other resources. We expect to incur operational expenses of RMB2.4 billion in the next five years in executing our expansion plans, particularly in connection with leasing new office space, purchasing equipment and software, and employing additional personnel. We also expect to incur depreciation expenses of RMB469.6 million over the course of useful lives of the fixed assets to be acquired. Our planned expansion will also place significant demands on us to maintain the quality of our services to ensure that our brands do not suffer as a result of any deviations, whether actual or perceived, in the quality of our services. In order to manage and support our growth, we must continue to improve our existing operational, administrative and technological systems and our financial and management controls, and recruit, train and retain additional qualified real estate service professionals as well as other administrative and sales and marketing personnel, particularly as we expand into new markets and launch new business initiatives. In particular, our expansion plans are based upon our forward-looking assessment of market prospects and industry trends. However, market conditions and/or industry trends may change in a way that we are unable to predict. Customer demands may also change unpredictably as new technologies develop. Our expansion plans may also be affected by a number of factors beyond our control. Such factors include changes in China's economic condition in general and its real estate market in particular, government regulation, changes in demands for our services, as well as our ability to obtain sufficient financing for our expansion efforts. We cannot assure you that our expansion plans will be implemented successfully, or we will be able to effectively and efficiently manage the growth of our operations, recruit and retain qualified personnel and integrate any new expansion into our existing operations. As a result, our quality of service may deteriorate and our results of operations or profitability could be adversely affected.

RISK FACTORS

Our upgrades and improvements to our real estate data systems may not be successful or may fall short of expected results.

As our real estate data and consulting services continue to develop and expand, we may need to upgrade and improve our real estate data systems to provide new features and functionalities based on the demand of our customers, such as a wider coverage on geographical market and industry subsectors, as well as smarter presentation of relevant information to facilitate our customers' decision-making. However, we cannot assure you that we will be successful in executing these system upgrades and improvement strategies. In particular, our systems may experience interruptions or longer response times during upgrades and new technologies or infrastructures may also not be fully integrated or functional with the existing systems on a timely basis or at all, all of which could have an adverse impact on customer experience. In addition, as we plan to further develop and upgrade our real estate data systems by purchasing hardware and software, depreciation and amortisation expenses in relation to our real estate data systems are also expected to increase by approximately HK\$20.0 million - HK\$26.0 million for each year over the estimated useful life of the relevant software and hardware after taking into account the budgeted amount of spending, the schedule of spending and the estimated useful life of the relevant software and hardware. Please refer to the section headed "Use of Proceeds" in this document for further information regarding the use of net proceeds to further develop and upgrade our real estate data systems. The actual useful life of the relevant software and other intangible assets may be shorter than expected due to reasons such as faster than expected technological advances resulting in necessary upgrades before the end of expected useful life. As a result, our business, financial condition and results of operations could be materially and adversely affected.

We may lose our competitive advantage if we fail to obtain and maintain accurate, comprehensive and reliable data in our CRIC Systems or prevent disruptions or failure in the performance of our CRIC Systems.

We have devoted substantial resources to developing, maintaining and updating our CRIC Systems, which are a series of proprietary real estate information databases and analysis systems. Our ability to provide consistent high-quality services and maintain our competitive advantage relies in large part on the accuracy, comprehensiveness and reliability of the data contained in our CRIC Systems and the outputs and reports based on these data. The task of establishing and maintaining accurate and reliable data is challenging. We rely on third-party data providers for a significant amount of the information in our CRIC Systems, and some of these data may be inaccurate. If our data, including the data we obtain from third parties, are not current, accurate, comprehensive or reliable, we could experience reduced demand for our services or be subject to legal claims by our customers, which could adversely affect our business and financial performance.

Any frequent or recurring disruption or failure in the performance of our CRIC Systems could also adversely affect the quality of our services and damage our reputation. Our system is vulnerable to damage or interruption as a result of power loss, telecommunications failures, computer viruses, hacking or other attempts to disrupt our system, and similar events. Our servers may also be vulnerable to break-ins, sabotage and vandalism. Our disaster recovery planning does not account for all possible scenarios. If we experience frequent or persistent system failures, the quality of our services and our reputation could be harmed. The steps we need to take to increase the reliability of our CRIC Systems and to maintain complete backups may be costly, which could reduce our operating margin, and such steps may not reduce the frequency or duration of system failures and service interruptions.

RISK FACTORS

Our ability to protect the personal information of prospective and actual property buyers could be compromised and subject us to liabilities.

Although we do not collect or store personal information of individuals in our CRIC Systems, in the ordinary course of our real estate agency services business, we collect certain personal information voluntarily provided by prospective and actual property buyers which is stored in our internal databases. The use of personally identifiable and other confidential information is increasingly subject to laws and regulations in China. On 28 December 2012, the Standing Committee of the National People's Congress promulgated the Decision on Strengthening Network Information Protection to enhance the legal protection of information security and privacy on the internet. Under relevant laws and regulations, personal information can be collected only if it is directly related to the provision of products and services. In addition, we are required to establish internal rules for employees who are authorised to access personal information in our databases, as well as internal rules relating to the handling of data security emergencies. It is possible that these laws and regulations may be interpreted and applied in a manner that is inconsistent with our practices. To ensure our compliance with evolving laws and regulations on the protection of personal information, we may need to incur additional costs to regularly monitor the relevant legal developments, refine our internal procedures in response to new legal requirements and make technology investments to further improve our data security. Any inability to adequately address privacy concerns, even if unfounded, or to comply with applicable privacy or data protection laws and regulations, could result in additional cost and liability to us, damage our reputation and harm our business.

The personal information we have collected and stored in our internal databases are potentially vulnerable to cyber-attacks, computer viruses, physical or electronic break-ins, or similar disruptions. While we have taken steps to protect such information, our security measures could be breached. Because techniques used to sabotage or obtain unauthorised access to systems change frequently and generally are not recognised until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Any accidental or willful security breaches or other unauthorised access to our technology system could cause confidential personal information to be stolen and used for criminal purposes. Security breaches or unauthorised access to confidential information could also expose us to liability related to the loss of the information, time-consuming and expensive litigation and negative publicity, which could adversely affect our business and results of operations.

If we fail to obtain or keep licences, permits or approvals applicable to the various real estate services provided by us, we may incur significant financial penalties and other government sanctions.

Due to the broad geographic scope of our operations and the wide variety of real estate services we provide, we are subject to numerous national, regional and local laws and regulations specific to the services we perform. Foreign ownership of the real estate agency and brokerage business in China used to be subject to government approval. Since 2015, the real estate agency and brokerage business in China is no longer a restricted category for foreign investment under the Foreign Investment Industrial Guidance Catalogue.

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Accordingly, our PRC subsidiaries only need to make a filing with, but no longer need to obtain the approval of, the Ministry of Commerce (the “**MOFCOM**”) or its relevant local counterparts for the establishment of, or investment in, any new PRC subsidiary with a registered business scope of real estate agency and brokerage services. Pursuant to the relevant regulations regarding real estate agency and brokerage businesses, however, a company engaging in real estate brokerage business is still required to make a filing with the real estate administrative authority within 30 days after issuance of its business licence. As of the Latest Practicable Date, three of our PRC operating entities engaging in real estate brokerage business had not completed such filings with the relevant local real estate administrative authorities. See the section headed “Business – Licences and Permits”. According to our PRC Legal Adviser, based on its interviews with the relevant local real estate administrative authorities, the three entities currently are allowed by the relevant authorities to conduct real estate brokerage business without filing. However, we cannot assure you that these local authorities will not change their views in the future. The requirements of the local real estate administrative authorities for such filings may vary in different cities and we cannot assure you that, if we are required to complete such filings, we will be able to do so in a timely manner or at all.

If we fail to properly complete filings or to obtain or maintain the licences and permits for conducting our businesses, the relevant branch office or subsidiary may be ordered to cease conducting the relevant real estate services and be subject to administrative penalties such as warning, fines and revocation of its licences. Given the large size and scope of real estate sale transactions, both the difficulty of ensuring compliance with the multiple levels of licencing regimes and the possible loss resulting from non-compliance are significant.

In addition to the licences for our operations, each of our employees who provides real estate brokerage services must have the requisite professional qualification certificate, which has an effective period of three years. We are not certain that our relevant employees can obtain or renew these certificates in a timely manner, if at all. As relevant real estate administrative authorities will only issue a licence to us to set up and operate a real estate brokerage company in certain cities when the company has a certain minimum number of licenced real estate brokers, our business could suffer if our relevant employees are unable to obtain or renew these certificates in those cities.

As a licensed real estate broker, we and our licensed employees are subject to statutory obligations not to sell properties that fail to meet the statutory sales conditions or provide false statements on the conditions of any property in any advertisement. We must present clients with relevant title certificates or sales permits of the properties and the related letter of authorisation. Failure to fulfil these obligations could subject us to litigation from parties who purchased or sold properties we brokered. We may become subject to claims by other participants in real estate transactions claiming that we did not fulfil our statutory obligations as brokers. We may also lose the licences and permits that are necessary for conducting our business and/or be subject to other government sanctions.

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If we fail to properly obtain or maintain the licences and permits or complete the filings and registrations required to conduct our business, our affected subsidiaries or branch offices in China may be warned, fined, have their licences or permits revoked, or ordered to suspend or cease providing certain services, or subjected to other penalties, including confiscation of revenues, sanctions or liabilities, which in turn could materially and adversely affect our business, financial condition and results of operations.

Our results of operations and cash flows may fluctuate due to seasonal variations in the real estate market and the non-recurring nature of our services provided to real estate developers.

Our operating income and earnings have historically been substantially lower during the first quarter than other quarters. This results from the relatively low level of real estate activities during the winter and the Chinese New Year holiday period, which falls within the first quarter each year.

We generated a majority of our total revenues during the Track Record Period from services provided to real estate developers, and expect to continue to rely on real estate developers to generate a significant portion of our revenues for the foreseeable future. Revenues from our services to real estate developers are typically generated on a project-by-project basis. The timing of obtaining sales permits varies from project to project and is subject to uncertain and potentially lengthy delays as developers need to obtain a series of permits and approvals related to the development before obtaining the sales permit. It is therefore difficult to predict the interval between the time we sign an agency agreement and the time we launch the sales for the relevant project. We recognise commission revenue from our real estate agency services in the primary market upon achieving the successful sale of a property unit. “Successful sale” is defined in individual contracts with our developer clients, and depends on, among other things, the delivery of the down payment. Some purchasers may not deliver the down payments on time, which makes it difficult for us to forecast revenues and increases period-to-period fluctuations.

In addition, we have in the past entered into, and expect to continue to enter into, contracts from time to time with developers requiring us to pay deposits, which has from time to time resulted in our operating with negative cash flows or, if we fail to recover such deposits, could have a material and adverse effect on our liquidity, financial condition and results of operations.

We had net operating cash outflows in 2017 and for the three months ended 31 March 2018 and cannot guarantee that we will always generate positive operating cash flows in the future.

In 2017 and the three months ended 31 March 2018, we had net cash used in operating activities of RMB275.0 million and RMB102.0 million, respectively. The principal reason for our net operating cash outflows in 2017 was that we paid income taxes of RMB522.3 million in 2017, compared with RMB33.5 million in 2015 and RMB92.7 million in 2016. We had a

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significant one-off increase in income tax payments because we changed our tax filing policy in 2017. See the section headed “Financial Information – Key Components of Our Results of Operations – Taxation”. The primary reason for our net operating cash outflows for the three months ended 31 March 2018 was that we made performance-based payments for the year 2017 to our employees before the Chinese New Year in February 2018. We cannot guarantee we will always be able to generate positive cash flows from operating activities in the future. If we have negative cash flows from operating activities in the future, our business, results of operations and liquidity may be adversely affected. See the section headed “Financial Information – Liquidity and Capital Resources – Cash Flows”.

If we fail to develop and innovate our services, our business and operating results may be materially and adversely affected.

The success of our business has been contributed by our ability to innovate. For example, we have continuously expanded our real estate data and consulting services and recently launched our real estate brokerage network services. To remain competitive, we must continue to develop and expand our service offerings, and to further improve our data analytical capabilities. Developing new services could be expensive and time-consuming. Furthermore, any new services we develop may not achieve market acceptance, and there may not be sufficient business synergies between our existing services and new services. If we fail to develop and market new services effectively and on a timely basis, our business, results of operations and growth prospects could be adversely affected.

We provide guarantees for mortgage loans of property buyers in the secondary real estate market in Wuhan. We may become liable to mortgagee banks if these buyers default on their mortgage payments and we may be required to obtain an additional permit for the provision of such guarantees.

Since 2017, Wuhan Fangyou Century Real Estate Trading Service Co., Ltd. (“**Wuhan Fangyou**”), one of our subsidiaries providing real estate brokerage network services, has entered into arrangements with several commercial banks in Wuhan to provide guarantees for property buyers in the secondary real estate market. In Wuhan, due to the specific registration procedures, the competent authorities normally require certain processing time after transfer of title (up to one to three months) before they issue the certificate of third party right in respect of the mortgage over the property. As such, in Wuhan, commercial banks providing mortgage loans generally require transitional guarantee from third parties in respect of the loans of property buyers. For any mortgage loan guaranteed by Wuhan Fangyou, the guarantee will be released upon receipt by the bank of the certificate of third party right in respect of the mortgage over the relevant property from the property buyer when it is issued by the relevant authorities, which in Wuhan would typically take up to one to three months. Some banks require Wuhan Fangyou to make a deposit ranging from RMB100,000 to RMB300,000. If the borrower defaults on payment of his or her mortgage loan before the guarantee is released, the mortgagee bank may deduct the payment due from the deposit and require that Wuhan Fangyou immediately repay the amount due from the borrower pursuant to the guarantee. We require the borrower to provide an undertaking to us under which we may claim from the borrower any

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amount which we pay to the mortgagee banks due to the borrower's default. In line with industry practice, we do not conduct any independent credit checks on the borrowers and rely on the credit evaluations conducted by the mortgagee banks. We do not charge the borrower for the guarantees provided. These are contingent liabilities not reflected on our balance sheets. Our contingent liabilities related to these guarantees as of 31 December 2017 amounted to RMB85.3 million, which corresponds to approximately 2% of the total liabilities of the Group as at 31 December 2017. Those guarantees not released as of 31 December 2017 had been released in full by the end of March 2018. See the section headed "Financial Information — Contingent Liabilities". So long as the provision of transitional guarantees remains a common industry practice, we plan to continue to provide such guarantees for property buyers who are customers of Fangyou-branded brokerage stores in Wuhan. In the future, we may also consider providing similar guarantees in other geographic markets if it is a common industry practice to do so in those markets. Should any material default occur and if we were called upon to honour our guarantees, our financial condition and results of operations could be adversely affected. Further, in the event of market downturn, the likelihood that the borrowers would default in mortgage payment which we guaranteed may increase. In such case, the mortgagee banks may require us to repay the outstanding loans pursuant to the guarantee, which may have a material adverse effect on our business, financial condition and results of operations.

Our PRC Legal Adviser is of the view that Wuhan Fangyou shall not be deemed as a company operating financing guarantee business and therefore is not required to obtain a financing guarantee business permit. However, the Chinese government is implementing a series of regulatory body reform which, among others, may lead to changes in the government authorities that are responsible for supervising and regulating financing guarantee companies. As a result, there remains uncertainty as to how the relevant government authorities will interpret and apply laws and regulations in relation to financing guarantee business. Thus, we cannot assure you that the competent government authorities will not take a view contrary to or otherwise inconsistent with our PRC Legal Adviser's view, in which case Wuhan Fangyou may be required to obtain a financing guarantee business permit in order to continue to provide transitional guarantees for property buyers.

The interests of our Shareholders may not be aligned with your or our interests, and we cannot assure you that they will not reduce their support for our Company in the future.

Our Shareholders may have interests that do not fully align with ours. For example, some of our Shareholders are also our customers. In particular, each of Evergrande, Vanke and Country Garden held 15% of our Shares as of the Latest Practicable Date and prior to the Global Offering. We cannot assure you that our Shareholders will act in the best interest of our Company should any conflict arise. For example, they may fail to continue their business relationships with us, or may conduct business in an unacceptable manner or take other actions that are detrimental to our interests. If they fail to act in our best interests, we may have to renegotiate with them or approach other potential business partners as replacements, which may be expensive, time-consuming and disruptive to our operations and may not be successful in whole or in part. If we are unable to resolve any such conflicts, or if we suffer significant delays or other obstacles as a result of such conflicts, our business and operations could be severely disrupted, which could materially and adversely affect our results of operations and financial condition.

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We have significant balances of trade receivables and customer deposits, which increase our credit risks and could materially and adversely affect our results of operations.

In line with the industry practice in China, our working capital levels are affected by the time lag between the time when we make sales and bill our customers and the time when we are able to collect the funds owed to us. This also results in large balances of trade receivables, consisting of accounts receivables and bills receivables and amounts due from related parties of a trade nature – accounts receivables, the latter representing service fees due from our customers that are also our Shareholders or related companies. As of 31 March 2018, the total balance of our trade receivables after loss allowance was approximately RMB3.2 billion. In 2015, 2016 and 2017 and the three months ended 31 March 2018, our loss allowance on trade receivables recognised in profit or loss amounted to RMB88.3 million, RMB104.0 million, RMB116.3 million and RMB12.5 million, respectively. Some of our developer customers require us to pay an upfront deposit as demonstration of our financial strength and commitment to provide high quality service, which is refundable to us subject to certain pre-determined criteria at a date specified in the agency contracts. If any of our customers with significant outstanding trade receivable balances were to become insolvent or otherwise unable to make payments in a timely manner, or at all, we would have to make further provisions against such trade receivable and deposits, or write off the relevant amounts, either of which could adversely affect our profitability and liquidity position.

We sometimes allow certain real estate developers to settle a limited percentage of the total amount payable by transferring to us certain properties they develop. We then resell such properties for cash. The resale prices are subject to market conditions and could fall short of the amounts owed to us against which these properties or rights to properties under construction are used as collateral, in which case we would need to write off a portion of our trade receivables or deposits, which could materially and adversely affect our results of operations.

If we fail to hire, train and retain qualified managerial and other employees, our business and results of operations could be materially and adversely affected.

We place substantial reliance on the real estate industry experience and knowledge of our senior management team as well as their relationships with other industry participants. Mr. Zhou Xin, our Chairman and Executive Director, is particularly important to our future success due to his substantial experience and reputation in the real estate industry. We do not carry, and do not intend to procure, key person insurance on any of our senior management team. The loss of the services of one or more members of our senior management team could hinder our ability to effectively manage our business and implement our growth strategies. Finding suitable replacements for our current senior management could be difficult, and competition for such personnel of similar experience is intense. If we fail to retain our senior management, our business and results of operations could be materially and adversely affected.

Service professionals of our real estate agency services in the primary market interact with our customers on a daily basis. They are critical to maintaining the quality and consistency of our services and our brand and reputation. It is important for us to attract qualified

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managerial and other employees who have experience in real estate related services and are committed to our service approach. There may be a limited supply of qualified individuals in some of the cities in China where we have operations and other cities into which we intend to expand. We must hire and train qualified managerial and other employees on a timely basis to keep pace with our rapid growth while maintaining consistent quality of services across our operations in various geographic locations. We must also provide continuous training to our managerial and other employees so that they are equipped with up-to-date knowledge of various aspects of our operations and can meet our demand for high-quality services. If we fail to do so, the quality of our services may decrease in one or more of the markets where we operate, which in turn, may cause a negative perception of our brand and adversely affect our business.

Certain issues relating to certain properties we lease may disrupt our occupancy and continuing use of those properties.

As of the Latest Practicable Date, we had leased 165 properties for our business operations in the PRC. For 39 of these leased properties, the landlords have not provided us with copies of building ownership certificates. For 32 of these leased properties, the landlords have not leased such properties in accordance with the intended use specified on the land use right certificate. See the section headed “Business – Properties – Leased Properties”. We cannot assure you that these landlords have the right to lease the relevant properties to us. As advised by our PRC Legal Adviser, we may not be able to continue to use such properties. In addition, the lease agreements to three of our leased properties have expired and we are in the process of negotiating the renewal of these leases. We cannot assure you that we will be able to renew these leasing agreements on acceptable terms, or at all. If ownership of the properties we have leased is disputed and/or the validity of such leases is challenged by third parties, or if we are unable to renew our lease agreements, we may not be able to continue to use those properties and have to relocate to other places, which could result in additional costs.

Increases in labour costs in the PRC may adversely affect our business and our profitability.

China’s economy has experienced increases in labour costs in recent years. China’s overall economy and the average wage in China are expected to continue to grow. The average wage level for our employees has also increased in recent years. In 2015, 2016 and 2017 and the three months ended 31 March 2018, our staff costs were RMB1,736.7 million, RMB2,401.9 million, RMB2,623.3 million and RMB503.4 million, respectively, representing approximately 63.9%, 60.1%, 56.6% and 54.1% of the total revenue in each corresponding period. We expect that our staff costs, including wages and employee benefits, will continue to increase. Unless we are able to pass on these increased labour costs to our customers by increasing prices for our products or services, our profitability and results of operations may be materially and adversely affected.

In addition, we have been subject to stricter regulatory requirements in terms of entering into labour contracts with our employees and paying various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance,

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unemployment insurance and childbearing insurance to designated government agencies for the benefit of our employees. Compared with its predecessors, the current Labour Contract Law of the PRC (the “**Labour Contract Law**”) imposes stricter requirements on employers in terms of signing labour contracts, minimum wages, paying remuneration, determining the term of employees’ probation and unilaterally terminating labour contracts, further increasing our labour-related costs such as by limiting our ability to terminate some of our employees or otherwise change our employment or labour practices in a cost-effective manner.

Failure to fully comply with PRC labour-related laws may expose us to potential penalties.

As the interpretation and implementation of labour-related laws and regulations are still evolving, we cannot assure you that our employment practice does not and will not violate labour-related laws and regulations in China, which may subject us to labour disputes or government investigations. If we are deemed to have violated relevant labour laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be materially and adversely affected.

Pursuant to the Labour Contract Law and its amendments, dispatched labour is intended to be a supplementary form of employment and the fundamental form should be direct employment by enterprises and organisations that hire employees. Further, it is stated in the Interim Provisions on Labour Dispatch that became effective on 1 March 2014 that the number of dispatched workers an employer uses may not exceed 10% of its total labour force and the employer has a two-year transition period to comply with such requirement. Some of our PRC subsidiaries or branches historically used a significant number of dispatched workers to support their principal business activities. We have taken measures to reduce the percentage of dispatched workers. However, by the end of the transition period, which was 29 February 2016, the percentages of dispatched workers in some of our PRC subsidiaries or branches were still beyond the limit of 10%. As of 31 March 2018, 11 of our PRC subsidiaries or branches had not complied with the requirement on the maximum number of dispatched workers. As of 15 June 2018, all of these 11 PRC subsidiaries or branches have become compliant with the labour dispatch requirement.

In addition, companies operating in China are required to participate in various government-sponsored social welfare plans, consisting of several types of social insurance and housing provident funds, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of our employees up to a maximum amount specified by the local government from time to time at locations where we operate our businesses. Under applicable PRC law, a company is required to register with the relevant local housing provident fund administrative agency within 30 days from its establishment. As of the Latest Practicable Date, 106 of our PRC subsidiaries or branches, including three in the process of being deregistered, have not registered with local housing provident fund administrative agencies because they did not have any employees. The requirement of social welfare plans has not been implemented consistently by the local governments in China given the different levels of economic development in different locations. According to our PRC Legal Adviser, based

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on enquiries made with the relevant local housing provident fund administrative agencies, other than the three subsidiaries or branches in the process of being deregistered, local housing provident fund administrative agencies that have competent authority over 78 of these subsidiaries or branches do not accept registration applications from companies with no employees, whereas local housing provident fund administrative agencies that have competent authority over the remaining 25 subsidiaries or branches accept registration applications from companies with no employees but such companies can delay registration until they start to have employees without being subject to any fines. A company that fails to register with the local housing provident fund administrative agency may be ordered by the relevant agency to rectify such non-compliance within a prescribed period. If rectification is not completed within the prescribed period, the company may be subject to a fine ranging from RMB10,000 to RMB50,000. The maximum amount of penalty we may be subject to would be RMB1.25 million. In addition, during the Track Record Period, six of our subsidiaries or branches did not make housing provident fund contributions for their new employees who have not been employed for six months or a year, as the case may be. A company that does not make housing provident fund contributions in accordance with applicable law may be ordered by the relevant authorities to rectify such non-compliance within a prescribed period. If rectification is not completed within the prescribed period, housing provident fund contributions may be enforced by the relevant people's court upon application. See the section headed "Business – Employees – Social Welfare" for further details.

As of the Latest Practicable Date, we had not been ordered by relevant government authorities to make rectification with respect to the incidents described above. However, we cannot assure you that PRC governmental authorities will not impose penalties on the relevant subsidiaries or branches, which could have a material adverse effect on the financial condition and results of operations of these subsidiaries or branches.

If our employees or business partners engage in inappropriate or illegal conduct, our reputation could be harmed and we could be exposed to regulatory investigations, cost and liabilities.

For our real estate agency services in the primary market, we rely on our sales and marketing employees to promote and facilitate the sales of property units. We cannot fully control the interactions our employees have with prospective property buyers and other relevant parties. While we have adopted internal policies and have entered into relevant contracts to regulate behaviour of our employees, we cannot assure you that all the actions by our employees will meet our internal policies, the standards set out in the relevant contractual terms, applicable legal requirements and customer expectations. For example, our employees may try to increase sales volumes through illegal or inappropriate means. If our employees engage in improper conduct, our reputation could be harmed. Furthermore, we could be held liable for actions taken by our employees, which could expose us to regulatory investigations and penalties. In addition, as our employees directly interact with prospective home buyers who may mistake our employees as a developer's employees, any improper conduct by our employees may also affect the reputation of our developer customers, which may adversely affect their business relationships with us or subject us to liabilities.

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We are also exposed to risks related to actions taken by third-party brokers that use our real estate brokerage network services. Although these third-party brokers operate their brokerage businesses independently and serve their own customers, and we do not have any contractual relationship with customers of Fangyou-branded stores (other than as a provider of transaction services at an E-House Real Estate Transaction Centre if required by any such customer), they use the “E-House Fangyou” brand to market and provide their services. We have limited control over their day-to-day operations. If they engage in inappropriate conduct, our brand image and reputation could be damaged, and we may be subject to litigation and regulatory investigations, even if the claims against us were unfounded.

In addition, we may also be exposed to risks related to information given or actions taken by other third-parties, such as developers and advertising agencies. We carry out our real estate agency services in the primary market based on the information given by developers. Such information may not be accurate and our reliance on those information may expose us to certain risks. We also engage advertising agencies to promote real estate projects we sell. Any improper or illegal actions taken by advertising agencies may also harm our reputation.

The discontinuation of any of the preferential tax treatments currently available to us in the PRC or imposition of any additional PRC taxes on us could adversely affect our financial condition and results of operations.

Some of our PRC subsidiaries enjoyed preferential income tax rates during the Track Record Period. The total tax concession granted by PRC governments to our subsidiaries amounted to RMB2.5 million, RMB13.7 million and RMB37.6 million in 2015, 2016 and 2017, respectively, and amounted to RMB2.9 million and RMB2.3 million in the three months ended 31 March 2017 and 2018, respectively.

Pursuant to a Circular on Enterprise Income Tax Policies for Further Encouraging the Development of the Software Industry and the Integrated Circuit Industry issued by the State Administration of Taxation and the Ministry of Finance effective as of 1 January 2011, a qualified software enterprise is eligible to be exempted from income tax for its first two profitable years, followed by a 50% reduction in income tax, to a rate of 12.5%, for the subsequent three years. Shanghai Zhuxiang Information Technology Co., Ltd. was recognised as a qualified software enterprise and enjoyed income tax exemption for 2015 and 2016, followed by a 50% reduction in income tax from 2017 through 2019. Shanghai Zhuxiang accounted for an insignificant percentage of our revenue during the Track Record Period.

In addition, six of our subsidiaries are eligible to enjoy a 15% preferential income tax rate because they are located in the western regions of China. These six subsidiaries accounted for less than 10% of our revenue during the Track Record Period.

Furthermore, the PRC Enterprise Income Tax Law and its implementation rules permit certain “high and new technology enterprises” that hold independent ownership of core intellectual property and simultaneously meet a list of other criteria, financial or non-financial, as stipulated in the implementation rules, to enjoy a reduced 15% enterprise income tax rate.

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The State Administration of Taxation, the Ministry of Science and Technology and the Ministry of Finance jointly issued the Administrative Rules for the Certification of High and New Technology Enterprises delineating the specific criteria and procedures for the “high and new technology enterprises” certification in April 2008. However, the “high and new technology enterprise” status is subject to review every three years. Shanghai Zhuxiang Information Technology Co., Ltd and Beijing China Real Estate Research Association Technical Services Co., Ltd. were recognised as qualified “high and new technology enterprises” during the Track Record Period. Beijing China Real Estate Research Association Technical Services Co., Ltd. operates our rating and ranking services and accounted for a majority of our profit before taxation from the real estate data and consulting services segment during the Track Record Period. PRC Holdco was also recognised as a qualified “high and new technology enterprise” in 2015 and 2016, but did not renew such status for 2017 and was therefore subject to a 25% income tax rate for 2017 and the three months ended 31 March 2018. PRC Holdco accounted for less than 10% of our revenue and profit before taxation in 2017. We intend to apply or reapply for such status for PRC Holdco and certain other of our PRC subsidiaries in 2018, but we cannot assure you that our applications will be approved by the relevant authorities. Furthermore, if either Shanghai Zhuxiang Information Technology Co., Ltd or Beijing China Real Estate Research Association Technical Services Co., Ltd. fails to maintain its qualified software enterprise status or high and new enterprise status, or if the 15% preferential income tax rate is no longer available to companies located in the western regions of China, the enterprise income tax rate applicable to the relevant company may increase to up to 25%, which could have an adverse effect on our financial condition and results of operations.

Our deferred tax assets may not be fully realisable.

As of 31 December 2015, 2016 and 2017 and 31 March 2018, we had deferred tax assets of RMB208.3 million, RMB350.2 million, RMB504.2 million and RMB470.8 million, respectively. The realisation of deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. We cannot assure you that we will be able to fully utilise the deferred tax assets if our future taxable income and related income tax liability is insufficient to permit their use. In addition, in the future, we may be required to record a valuation allowance against our deferred tax assets if we believe that we are unable to fully utilise them, which would have an adverse effect on our results of operations.

Certain of our investments are recorded at fair value and quoted prices or observable inputs may not be readily available to determine such value, resulting in the use of unobservable inputs to determine value, and the fair value of our investments may be materially different from the value that we ultimately realise upon their disposal.

Our investment in a convertible note of RMB20 million was accounted for as financial assets measured at fair value through profit or loss as of 31 December 2017 and 31 March 2018. The values of our investments may not be readily determinable or ultimately realisable. Valuations of certain investments may be difficult to obtain or unreliable. Depending on the complexity and illiquidity of a security, valuations of the same security can vary substantially

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from one dealer or pricing service to another. Therefore, our results of operations for a given period could be adversely affected if our determinations regarding the fair market value of these investments are materially different from the values that we ultimately realise upon their disposal.

Our business benefits from government incentives and discretionary policies. Expiration of, or changes to, these incentives or policies could have an adverse effect on our results of operations.

Our PRC subsidiaries have historically received grants from local governments. These government grants represent incentives from various PRC government authorities in connection with the enterprise development support and fiscal subsidy, which are discretionary and vary from year to year. In 2015, 2016 and 2017 and the three months ended 31 March 2018, the government grants we received amounted to RMB17.0 million, RMB34.1 million, RMB31.2 million and RMB14.6 million, respectively. Local governments may decide to reduce or eliminate such grants at any time. In addition, we cannot assure you of the continued availability of the government grants currently enjoyed by some of our PRC subsidiaries.

Our investments and acquisitions may not be successful and may result in material and adverse impact to our financial condition and results of operations.

Although we have not in the past relied on acquisitions to grow our business, acquisitions and investments remain a potential source of our future growth and we may actively pursue them should suitable opportunities arise. The success of our acquisitions or investments will depend on our ability to identify suitable targets, our ability to reach agreements with them on commercially reasonable terms and the availability of financing to complete acquisitions, as well as our ability to obtain any required shareholder or government approvals. Our acquisitions and investments could subject us to uncertainties and risks, including:

- high acquisition and financing costs;
- potential ongoing financial obligations and unforeseen or hidden liabilities;
- potential loss of key business relationships and the reputations of the businesses we acquire;
- failure to achieve our intended objectives, benefits or revenue-enhancing opportunities;
- uncertainty of entering into markets in which we have limited or no experience and in which competitors have stronger market positions;
- costs associated with, and difficulties in, integrating acquired businesses and managing a larger business;
- potentially significant goodwill impairment charges; and

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- diversion of our resources and management attention.

Our failure to address these uncertainties and risks may have a material adverse effect on our liquidity, financial condition and results of operations.

Granting options under the share option schemes may affect our Company's result of operation and dilute Shareholders' percentage of ownership.

Our Company has granted share options under the Pre-IPO Share Option Scheme for the purpose of granting awards to grantees, such as our employees, executives, directors and officers of our Group and its affiliates to incentivise their performance in the future. The fair value of the options at the date on which they are granted with reference to the valuer's valuation will be charged as share-based compensation, which may materially and adversely affect our Company's results of operations. The exercise of options under the Pre-IPO Share Option Scheme and additional grant of options under the Post-IPO Share Option Scheme will result in the dilution to the percentage of ownership of the Shareholders and the net asset value per Share. See the section headed "Statutory and General Information – Pre IPO Share Option Scheme" and "Post-IPO Share Option Scheme" in Appendix IV for details.

Certain equity interests of our Controlling Shareholders are charged as security interests by Mr. Zhou, one of our Controlling Shareholders, pursuant to a facility agreement. A default under such facility agreement could result in enforcement of the security interests, which could materially and adversely affect Mr. Zhou's ownership in our Group.

As of the Latest Practicable Date, Mr. Zhou, one of our Controlling Shareholders, had pledged all his equity interests in E-House (China) Holdings and CRE Corp in favor of Shanghai Pudong Development Bank Co., Ltd. ("SPDB"), an authorised institution as defined in the Banking Ordinance, as security for the *bona fide* commercial loan borrowed by Mr. Zhou from SPDB (the "SPDB Loan Facility"). If events of default under the SPDB Loan Facility agreement occur, SPDB can enforce its rights against Mr. Zhou, including enforcing its rights against the pledged shares of E-House (China) Holdings and CRE Corp under the SPDB Loan Facility agreement. Events of default under the SPDB Loan Facility agreement include, among others, non-repayment, misrepresentation and breach of certain covenants. In such event, we may no longer be affiliated with Mr. Zhou, which could adversely affect our reputation and our relationships with other companies controlled by Mr. Zhou.

Any failure to protect our trademarks and other intellectual property rights could have a negative impact on our business.

We believe our trademarks and other intellectual property rights are critical to our success. Any unauthorised use of our trademarks and other intellectual property rights could harm our competitive advantages and business. Historically, China has not protected intellectual property rights to the same extent as more developed jurisdictions, such as Hong Kong and the United States, and infringement of intellectual property rights continues to pose a serious risk of doing business in China. Monitoring and preventing unauthorised use is

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difficult. The measures we take to protect our intellectual property rights may not be adequate. Furthermore, the application of laws governing intellectual property rights in China is uncertain and evolving, and could involve substantial risks to us. If we are unable to adequately protect our brand, trademarks and other intellectual property rights, we may lose these rights and our business may suffer materially.

Any competitive advantage that we may derive from our CRIC Systems depends in large part on our ability to protect our proprietary rights in it. We have imposed contractual obligations on employees and consultants and have taken other precautionary measures to maintain the confidentiality of our proprietary information and restricted the use of the proprietary information other than for our company's benefit. If our employees and consultants do not honour their contractual obligations and misappropriate our database and other proprietary information, our business would suffer as a result.

As internet domain name rights are not rigorously regulated or enforced in China, other companies have incorporated in their domain names elements similar in writing or pronunciation to our registered trademarks. This may result in confusion between those companies and our company and may lead to the dilution of our brand value, which could adversely affect our business.

We may be subject to infringement claims or other claims involving intellectual property, which may be expensive to defend and may disrupt our business and operations.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate patents, copyrights, trademarks, trade names or other intellectual property rights held by third parties. As a result, we may be subject to claims for breach of contract, defamation, negligence, unfair competition, copyright or trademark infringement, or claims based on other theories. We have been, and from time to time in the future may be, subject to legal proceedings and claims involving intellectual property rights. For instance, as part of our business, we collect information and data from various sources and distribute such information and data to others. In particular, we have collected and compiled in our CRIC Systems real estate-related news, articles, reports, floor plans, architectural drawings, maps and other documents and information prepared by third parties. Although we do not use the information we obtain from clients during the course of providing real estate consulting services, the same information derived from other sources may be found in our database. In such cases, we could be subject to breach of confidentiality or similar claims, whether or not having merit, by those clients. We could also be subject to claims based upon the content that is displayed on our websites or accessible from our websites through links to other websites or information on our websites supplied by third parties. Any lawsuits or threatened lawsuits in which we are involved, either as a plaintiff or as a defendant, could cost us a significant amount of time and money and distract management's attention from operating our business. Any judgements against us in such suits, or related settlements, could have a material impact on our ability to offer or market our services, harm our reputation and have a material and adverse effect on our results of operations. If a lawsuit against us is successful, we may be required to pay damages or enter into royalty or licence agreements that may not

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be based upon commercially reasonable terms, or we may be unable to enter into such agreements at all. As a result, the scope of information and data we offer to our clients could be reduced, or our methodologies or services could change, which may adversely affect the usefulness of our services and database, and our ability to attract and retain clients.

Any natural or other disasters, including outbreaks of health epidemics, and other extraordinary events could severely disrupt our business operations.

Our operations are vulnerable to interruption and damage from natural and other types of disasters, including earthquakes, fire, floods, environmental accidents, power loss, communication failures and similar events. If any natural disaster or other extraordinary events were to occur in the area where we operate, our ability to operate our business could be seriously impaired.

Our business could be materially and adversely affected by the outbreak of H7N9 bird flu, H1N1 swine influenza, avian influenza, severe acute respiratory syndrome, or SARS, Ebola or another epidemic. Any such occurrence in China could severely disrupt our business operations and adversely affect our results of operations.

RISKS RELATED TO DOING BUSINESS IN CHINA

Changes in PRC government policies could have a material and adverse effect on the overall economic growth in China, which could adversely affect our business.

We conduct substantially all of our business operations in China. As the real estate industry is highly sensitive to business spending, credit conditions and personal discretionary spending levels, it tends to decline during general economic downturns. Accordingly, our results of operations, financial condition and prospects are subject, to a significant degree, to economic developments in China. While China's economy has experienced significant growth in the past three decades, growth has been uneven across different periods, regions and among various economic sectors of China. The PRC government may implement measures that are intended to benefit the overall economy even if they would be expected to have a negative effect on the real estate industry. The real estate industry is also sensitive to credit policies. In recent years, the PRC government adjusted the People's Bank of China's statutory deposit reserve ratio and benchmark interest rates several times in response to various economic situations. Any future monetary tightening may reduce the overall liquidity in the economy and reduce the amount of credit available for real estate purchase. Higher interest rates may increase the borrowing cost for buyers who rely on mortgage loans to finance their real estate purchase. These could negatively affect the total demand for real estate purchase and adversely affect our operating and financial results. We cannot assure you that China will continue to have rapid or stable economic growth in the future or that changes in credit or other government policies that are intended to create stable economic growth will not adversely impact the real estate industry.

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Uncertainties with respect to the Chinese legal system could adversely affect us.

We conduct our business primarily through our subsidiaries in China. Our operations in China are governed by PRC laws and regulations. Our subsidiaries are generally subject to laws and regulations applicable to foreign investments in China and, in particular, laws applicable to foreign-invested enterprises. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, PRC laws and regulations have significantly enhanced the protection afforded to various forms of foreign investments in China. However, China has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, because these laws and regulations are relatively new, their interpretation and enforcement involve uncertainties. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

It may be difficult to effect service of process upon us or our Directors or officers named in this document who reside in China or to enforce non-PRC court judgements against them in China.

Substantially all of our assets are situated in China and most of our Directors and officers named in this document reside in, and most of their respective assets are located in, China. As a result, it may be difficult to effect service of process outside China upon most of our Directors and officers, including with respect to matters arising under applicable securities laws. China does not have treaties providing for the reciprocal recognition and enforcement of judgements of courts with the United States, the United Kingdom and many other countries. Consequently, it may be difficult for you to enforce against us or our Directors or officers in China any judgements obtained from non-PRC courts.

On 14 July 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the “**Arrangement**”) and promulgated on 3 July 2008, pursuant to which a party with a final court judgement rendered by a Hong Kong court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgement in the PRC. Similarly, a party with a final judgement rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgement in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgement rendered by a Hong Kong court in the PRC if the parties in dispute have not agreed to enter into a choice of court agreement in writing. Although the revised Arrangement became effective on 1 August 2008, the outcome and effectiveness of any action brought under the Arrangement may still be uncertain.

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Governmental control of currency conversion may affect the value of your investment.

The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Restrictions on currency exchanges between the Renminbi and other currencies may limit our ability to utilise our revenues and funds, in particular in relation to capital account transactions such as investments and loans. We receive substantially all of our revenues in the Renminbi. Under our current structure, our income will be primarily derived from dividend payments from our PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations.

Under current PRC regulations, the Renminbi is convertible for “current account transactions,” which include among other things dividend payments and payments for the import of goods and services, subject to compliance with certain procedural requirements. Although the Renminbi has been fully convertible for current account transactions since 1996, we cannot assure you that the relevant PRC government authorities will not limit or eliminate our ability to purchase and retain foreign currencies for current account transactions in the future.

Conversion of the Renminbi into foreign currencies and of foreign currencies into the Renminbi, for payments relating to “capital account transactions,” which principally include investments and loans, generally requires the approval of filing with the State Administration of Foreign Exchange (the “SAFE”), and other relevant PRC governmental authorities. Restrictions on the convertibility of the Renminbi for capital account transactions could affect the ability of our PRC subsidiaries and affiliated PRC operating companies to make investments overseas or to obtain foreign exchange through debt or equity financing, including by means of loans or capital contributions from us.

Fluctuation in the value of the Renminbi may have a material and adverse effect on your investment.

The value of the Renminbi against the Hong Kong dollar, the U.S. dollar and other currencies is affected by changes in China’s political and economic conditions and by China’s foreign exchange policies, among other things. In July 2005, the PRC government changed its decades-old policy of pegging the value of the Renminbi to the U.S. dollar, and the RMB appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, this appreciation halted and the exchange rate between the Renminbi and the U.S. dollar remained within a narrow band. Since June 2010, the Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future.

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The proceeds from the Global Offering will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the Hong Kong dollar may result in the decrease in the value of our proceeds from the Global Offering. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, the Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Furthermore, we are also currently required to obtain approval by or complete filing with the SAFE before converting significant sums of foreign currencies into the Renminbi. All of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, the Shares in foreign currency terms.

PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.

The Notice on Issues Relating to the Administration of Foreign Exchange in Fund-Raising and Round-Trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies, or SAFE Circular 75, requires PRC residents to register with the relevant local branch of SAFE before establishing or controlling any company outside of China, referred to as an offshore special purpose company, for the purpose of raising funds from overseas to acquire or exchange the assets of, or acquiring equity interests in, PRC entities held by such PRC residents and to update such registration in the event of any significant changes with respect to that offshore company. The SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, on 4 July 2014, which replaced SAFE Circular 75. SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle." The term "control" under SAFE Circular 37 is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by the PRC residents in the offshore special purpose vehicles by such means as acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements. SAFE Circular 37 further requires amendment to the registration in the event of any changes with respect to the basic information of the special purpose vehicle, such as changes in a PRC resident individual shareholder, name or operation period; or any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. If the shareholders of the offshore holding company who are PRC residents do not complete their registration with the local SAFE branches, the PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore company, and the offshore company may be restricted in its ability to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with SAFE registration and amendment requirements described above could result in liability under PRC law for evasion of applicable foreign exchange restrictions.

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We have requested our beneficial owners who are PRC residents to make the necessary applications, filings and amendments required by SAFE. However, we cannot provide any assurances that all of our beneficial owners who are PRC residents will continue to make, obtain or amend any applicable registrations or approvals required by these SAFE regulations. The failure or inability of our PRC resident beneficial owners to comply with the registration procedures set forth therein may subject us to fines and legal sanctions, restrict our cross-border investment activities, or limit our ability to contribute additional capital into our PRC subsidiaries, or limit our PRC subsidiaries' ability to pay dividends or make other distributions to our company or otherwise adversely affect our business. Moreover, failure to comply with the SAFE registration requirements could result in liability under PRC laws for evasion of foreign exchange restrictions.

As it is uncertain how the SAFE regulations will be interpreted or implemented, we cannot predict how these regulations will affect our business operations or future strategy. For example, we may be subject to a more stringent review and approval process with respect to our foreign exchange activities, including the remittance of dividends and foreign currency-denominated borrowings, which may adversely affect our results of operations and financial condition. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the SAFE regulations. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

Failure to comply with PRC regulations regarding the registration requirements for employee stock ownership plans or share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

Under the applicable regulations and SAFE rules, PRC citizens who participate in an employee stock ownership plan or a stock option plan in an overseas publicly listed company are required to register with SAFE and complete certain other procedures. In February 2012, SAFE promulgated the Notices on Issues concerning the Foreign Exchange Administration for Stock Incentive Plan of Overseas Publicly-Listed Company (the “**Stock Option Rules**”), which terminated the Application Procedures of Foreign Exchange Administration for Domestic Individuals Participating in Employee Stock Ownership Plan or Stock Option Plan of Overseas Publicly-Listed Company issued by the SAFE in March 2007. Pursuant to the Stock Option Rules, if a PRC resident participates in any stock incentive plan of an overseas publicly-listed company, a qualified PRC domestic agent must, among other things, file on behalf of such participant an application with the SAFE to conduct the SAFE registration with respect to such stock incentive plan and obtain approval for an annual allowance with respect to the purchase of foreign exchange in connection with the exercise or sale of stock options or stock such participant holds. Such participating PRC residents' foreign exchange income received from the sale of stock and dividends distributed by the overseas publicly-listed company must be fully remitted into a PRC collective foreign currency account opened and managed by the PRC agent before distribution to such participants. We and our PRC employees who have been granted stock options are subject to this rule. We cannot assure you that the local branch of the

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SAFE will accept the application of our PRC optionees' registration with regard to our existing employee stock ownership plan or stock option plan. If there is any change to our existing employee stock ownership plan or stock option plan, we cannot assure you that our PRC optionees will be able to amend such registration in a timely manner, or at all. If our PRC optionees fail to comply with these regulations, we or our PRC optionees may be subject to fines and legal sanctions.

The M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (the “M&A Rules”), adopted by six PRC regulatory agencies in 2006 and amended in 2009, and some other regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex, including requirements in some instances that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. Moreover, the Anti-Monopoly Law requires that the MOFCOM shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. In addition, the security review rules issued by the MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise “national defence and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval or filing processes, including obtaining approval from the MOFCOM or its local counterparts may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

Our holding company relies principally on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements it may have, and any limitation on the ability of our PRC subsidiaries to make payments to our holding company could have a material and adverse effect on its ability to fund our operations, make investments or acquisitions, or pay dividends.

Our Company is a holding company, and relies principally on dividends from our PRC subsidiaries to fund any cash and financing requirements it may have, including the funds necessary to pay dividends and other cash distributions to the shareholders and service any debt it may incur. Current PRC regulations permit our PRC subsidiaries to pay dividends only out of their accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. In addition, each of our PRC subsidiaries is required to set aside a

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certain amount of its after-tax profits each year, if any, to fund certain statutory reserves. These reserves are not distributable as cash dividends. Furthermore, if our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to our Company. Any limitation on the ability of our PRC subsidiaries to distribute dividends or other payments to our Company could materially and adversely limit its ability to fund our business operations, make investments or acquisitions that could be beneficial to our businesses or pay dividends.

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.

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration with relevant governmental authorities in China. According to the relevant PRC regulations on foreign-invested enterprises in China, capital contributions to our PRC subsidiaries are subject to the requirement of making necessary filings in the Foreign Investment Comprehensive Management Information System (the “FICMIS”), and registration with other governmental authorities in China. In addition, (i) any foreign loan procured by our WFOE is required to be registered with the SAFE or its local branches, and (ii) our WFOE may not procure loans that exceed the difference between its registered capital and its total investment amount as recorded in the FICMIS. Any medium-or long-term loan to be provided by us to our PRC subsidiaries must be recorded and registered by the National Development and Reform Committee and the SAFE or its local branches. We may not be able to complete such recording or registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us directly to our PRC subsidiaries. If we fail to complete such recording or registration, our ability to use the proceeds of this offering and to capitalise our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

Even if we complete such recording or registration in a timely manner, our ability to use the proceeds is still subject to certain limitations under relevant PRC laws and regulations. On 30 March 2015, SAFE released the Notice on the Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), or SAFE Circular 19, which came into effect and superseded SAFE Circular 142 from 1 June 2015. On 9 June 2016, SAFE further promulgated the Circular on the Reform and Standardization of the Management Policy of the Settlement of Capital Projects (《關於改革和規範資本項目結匯管理政策的通知》), or SAFE Circular 16. SAFE Circular 19 and SAFE Circular 16 stipulate that the settlement of foreign exchange shall only be used for its own operation purposes within the business scope of the foreign invested enterprises and following the principles of authenticity. It is unclear how SAFE Circular 19 and SAFE Circular 16 will be implemented, and there exists high uncertainties with respect to its interpretation and implementation by authorities. For example,

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under SAFE Circular 19 and SAFE Circular 16, we may still not be allowed to convert foreign currency-registered capital of our PRC subsidiaries which are foreign-invested enterprises into RMB capital for securities investments or other finance and investment except for principal-guaranteed bank products. Further, SAFE Circular 19 and SAFE Circular 16 restrict a foreign-invested enterprise from using RMB converted from its registered capital to provide loans to a non-affiliated company. Violations of SAFE Circular 19 or SAFE Circular 16 could result in severe monetary or other penalties.

You may be subject to PRC income tax on dividends from us or on any gain realised on the transfer of our Shares.

Under the PRC Enterprise Income Tax Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realised on the transfer of shares by such investors is subject to 10% PRC income tax if such gain is regarded as income derived from sources within the PRC unless a treaty or similar arrangement otherwise provides. Under the PRC Individual Income Tax Law and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realised by such investors on the transfer of shares are generally subject to 20% PRC income tax, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws.

Although substantially all of our business operations are in China, it is unclear whether dividends we pay with respect to our Shares, or the gain realised from the transfer of our Shares, would be treated as income derived from sources within the PRC and as a result be subject to PRC income tax if we are considered a PRC resident enterprise. If PRC income tax is imposed on gains realised through the transfer of our Shares or on dividends paid to our non-resident investors, the value of your investment in our Shares may be materially and adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with China may not qualify for benefits under such tax treaties or arrangements.

We face uncertainty with respect to indirect transfer of equity interests in PRC resident enterprises or other assets attributed to a PRC establishment of a non-PRC company, or immovable properties located in China owned by their non-PRC holding companies.

We face uncertainties on the reporting and consequences on private equity financing transactions, share exchange or other transactions involving the transfer of shares in our company by investors who are non-PRC resident enterprises.

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In February 2015, the State Administration of Taxation (the “SAT”) issued the Notice on Several Issues Concerning Enterprise Income Tax for Indirect Share Transfer by Non-PRC Resident Enterprises, or SAT Bulletin 7. Pursuant to SAT Bulletin 7, an “indirect transfer” of assets of a PRC resident enterprise, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be re-characterised and treated as a direct transfer of PRC taxable assets, if such transaction arrangement lacks a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. According to SAT Bulletin 7, “PRC taxable assets” include assets attributed to an establishment in China, immovable properties located in China, and equity interests in PRC resident enterprises, in respect of which gains from their transfer by a direct holder, being a non-PRC resident enterprise, would be subject to PRC enterprise income taxes. In respect of an indirect transfer of assets of a PRC establishment, the resulting gain is to be included with the enterprise income tax filing of the PRC establishment or place of business being transferred, and would consequently be subject to PRC enterprise income tax at a rate of 25%. If the underlying transfer relates to immovable properties located in China or to equity interests in a PRC resident enterprise, which is not related to a PRC establishment or place of business of a non-resident enterprise, a PRC enterprise income tax at 10% would apply, subject to preferential tax treatment under applicable tax treaties or similar arrangements, if any, and the party who is obligated to make payments for the transfer has a withholding obligation. Although SAT Bulletin 7 does not apply to share transfers of publicly traded companies, there is uncertainty as to the application of SAT Bulletin 7. We and our non-PRC resident investors may be at risk of being subject to tax filing or withholding obligations under SAT Bulletin 7 and we may be required to expend valuable resources to comply with SAT Bulletin 7 or to establish that we should not be taxed under SAT Bulletin 7.

We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing and withholding or tax payment obligations on the transferors and transferees, while our PRC subsidiaries may be requested to assist in the filing. Any PRC tax imposed on a transfer of our shares or any adjustment of such gains would cause us to incur additional costs and may have a negative impact on the value of your investment in us.

RISKS RELATED TO THE GLOBAL OFFERING

There has been no prior public market for the Shares and the liquidity and market price of our Shares may be volatile.

Prior to completion of the Global Offering, there has been no public market for our Shares. There can be no guarantee that an active trading market for our Shares will develop or be sustained after completion of the Global Offering. The Offer Price will be determined by our Company and the Joint Representatives (on behalf of the Underwriters), which may not be indicative of the price at which our Shares will be traded following completion of the Global Offering. The market price of our Shares may fall below the Offer Price at any time after completion of the Global Offering.

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The trading price of the Shares may be volatile, which could result in substantial losses to you.

The trading price of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong may affect the volatility in the price of and trading volumes for our Shares. A number of PRC-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards PRC-based companies listed in Hong Kong and consequently may impact the trading performance of our Shares. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

You will incur immediate and substantial dilution and may experience further dilution in the future.

As the Offer Price of our Shares is higher than the net tangible book value per Share of our Shares immediately prior to the Global Offering, purchasers of our Shares in the Global Offering will experience an immediate dilution. If we issue additional Shares in the future, purchasers of our Shares in the Global Offering may experience further dilution in their shareholding percentage.

Future sales or major divestment of our Shares by any of our Controlling Shareholders or Pre-IPO Investors could adversely affect the prevailing market price of our Shares.

The market price of the Shares could decline as a result of future sales of substantial amounts of the Shares or other securities relating to the Shares in the public market by our substantial shareholders, or the perception that such sales may occur, which, in turn, could adversely affect the value of your investment in our Shares. Future sales, or perceived sales, of substantial amounts of the Shares could also materially and adversely affect our ability to raise capital in the future at a time and at a price favourable to it.

The Shares held by certain of our existing Shareholders are subject to lock-up undertakings commencing from the Listing Date. While we are not aware of any intentions of our existing Shareholders to dispose of significant amounts of their Shares upon expiry of the relevant lock-up periods, there is no assurance that they will not dispose of any Shares they may own. In the event that any of our existing Shareholders disposes of their Shares upon expiry of the relevant lock-up periods, it would lead to an increase in the number of Shares in public hands, and could negatively impact the market price of our Shares or lead to volatility in the market price or trading volume of our Shares, affecting the value of your investment.

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There can be no assurance if and when we will pay dividends in the future.

Our ability to pay dividends will depend on factors including whether we are able to generate sufficient earnings. Distributions of dividends will be determined by our Board at their discretion in accordance with relevant regulations and will be subject to Shareholders' approval. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including but not limited to our results of operations, cash flows, financial condition, operating and capital expenditure requirements, distributable profits, our Memorandum and Articles of Association, and any applicable laws and regulations, market conditions, our strategic plans and prospects for business development, contractual limits and obligations, payment of dividends to us by our operating subsidiaries, taxation, regulatory restrictions and any other factors determined by our Board from time to time to be relevant to the declaration or suspension of dividend payments. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy. See the section headed "Financial Information – Dividend" in this document for additional details regarding our dividend policy.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various independent third-party sources, including the industry expert reports, contained in this document.

This document, particularly the sections headed "Business" and "Industry Overview," contains information and statistics relating to the real estate transaction services market. Such information and statistics have been derived from a third-party report commissioned by us and publicly available sources. We believe that the sources of the information are appropriate for such information, and we have taken reasonable care in extracting and reproducing such information. However, we cannot guarantee the quality or reliability of such source materials. The information has not been independently verified by us, or any of the Relevant Persons (excluding Cushman & Wakefield), and no representation is given by us or any of the Relevant Persons (excluding Cushman & Wakefield) as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics included in this document being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. You should consider carefully the importance placed on such information or statistics.

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Investors should read this entire document carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering including, in particular, any financial projections, valuations or other forward looking statement.

Prior to the publication of this document, there may be coverage in the media regarding the Global Offering and our operations, which contained, among other matters, certain financial information, projections, valuation and other forward-looking information about us and the Global Offering. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. To the extent that any such information is not contained in this document or is inconsistent or conflicts with the information contained in this document, we disclaim any responsibility, liability whatsoever in connection therewith or resulting therefrom. Accordingly, prospective investors should not rely on any such information in making your decision as to whether to subscribe the Offer Shares. You should rely only on the information contained in this document and the Application Forms.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

In preparation for the Listing, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of their academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of a company secretary.

Pursuant to Rule 3.28 Note 1 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a Member of The Hong Kong Institute of Chartered Secretaries;
- (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and
- (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Pursuant to Rule 3.28 Note 2 of the Listing Rules, in assessing ‘relevant experience’, the Stock Exchange will consider the individual’s:

- (a) length of employment with the issuer and other issuers and the roles they played;
- (b) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

The Company appointed Mr. Zhou Liang (周亮) and Mr. Cheng Ching Kit (鄭程傑), of SWCS Corporate Services Group (Hong Kong) Limited (方圓企業服務集團(香港)有限公司), as joint company secretaries of the Company on 20 April 2018. Please refer to the section headed “Directors and Senior Management” in this document for further information regarding the qualifications of Mr. Zhou Liang and Mr. Cheng Ching Kit.

Mr. Cheng Ching Kit is an associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom, and therefore meets the qualification requirements under Rule 3.28 Note 1 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

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Mr. Zhou Liang joined the Group in 2016 and is the chief financial officer of our Company. Please see the section headed “Directors and Senior Management – Senior Management” for his biographical information. The Company believes that it would be in the best interests of the Company and the corporate governance of the Group to have as its joint company secretary a person such as Mr. Zhou Liang who possesses the relevant experience overseeing the Group’s overall financial management.

Whilst Mr. Zhou Liang does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules.

The waiver was granted for a three-year period on the condition that Mr. Cheng Ching Kit, as a joint company secretary of the Company, will work closely with, and provide assistance to, Mr. Zhou Liang in the discharge of his duties as a joint company secretary of the Company for an initial period of three years from the Listing Date. Mr. Cheng Ching Kit will communicate regularly with Mr. Zhou Liang on matters relating to corporate governance, the Listing Rules as well as other Hong Kong laws and regulations which are relevant to the operations and affairs of the Company. Mr. Cheng Ching Kit will also work closely with Mr. Zhou Liang in order to discharge his duties and responsibilities as a company secretary, including organising the Company’s board meetings and shareholders’ meetings. Mr. Cheng Ching Kit is a suitably qualified person to render assistance to Mr. Zhou Liang so as to enable him to acquire the ‘relevant experience’ as is required of a company secretary under Rule 3.28 of the Listing Rules. The waiver will be revoked immediately if Mr. Cheng Ching Kit ceases to provide assistance to Mr. Zhou Liang as the joint company secretary for the three-year period after Listing. In addition, Mr. Zhou Liang will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the three-year period from the Listing Date. The Company will further ensure that Mr. Zhou Liang has access to the relevant training and support that would enhance his understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange.

At the end of the three-year period, the qualifications and experience of Mr. Zhou Liang and the need for on-going assistance from Mr. Cheng Ching Kit will be evaluated by the Company. The Company will liaise with the Stock Exchange to enable it to assess whether, having benefited from the assistance of Mr. Cheng Ching Kit for the preceding three years, Mr. Zhou Liang has acquired the skills necessary to carry out the duties of a company secretary and the relevant experience (within the meaning of Rule 3.28 Note 2 of the Listing Rules) so that a further waiver will not be necessary.

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WAIVER IN RESPECT OF CONTINUING CONNECTED TRANSACTIONS

We have entered into, and expect to continue, certain transactions that will constitute partially-exempt and non-exempt continuing connected transactions of our Company under the Listing Rules upon Listing. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Chapter 14A of the Listing Rules for such continuing connected transactions. For further details in this respect, please see the section headed “Connected Transactions”.

WAIVER AND EXEMPTION IN RELATION TO THE PRE-IPO SHARE OPTION SCHEME

Under Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, this document is required to include, among other things, details of the number, description, and amount of any shares in or debentures of our Company which any person has, or is entitled to be given, an option to subscribe for, together with certain particulars of each option, namely the period during which it is exercisable, the price to be paid for shares or debentures subscribed for under it, the consideration (if any) given or to be given for it or for the right to it, the names and addresses of the persons to whom it was given, and their potential dilution effect on the shareholding upon listing as well as the impact on the earnings per share arising from the exercise of such outstanding options (the “**Share Option Disclosure Requirements**”).

As at the Latest Practicable Date, our Company has granted options under the Pre-IPO Share Option Scheme to 338 grantees, including employees, executives, directors and officers of our Group and its affiliates, to subscribe for an aggregate of 91,563,600 Shares, representing 6.240% of the total number of Shares in issue immediately after completion of the Global Offering (assuming the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised and no options are granted under the Post-IPO Share Option Scheme), on the terms set out in the section headed “Statutory and General Information – Pre-IPO Share Option Scheme” in Appendix IV to this document.

Our Company has applied to the Stock Exchange and the SFC for: (i) a waiver from strict compliance with the applicable Share Option Disclosure Requirements; and (ii) a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting the Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, respectively, on the ground that strict compliance with the above requirements would be unduly burdensome for our Company for the following reasons, and the exemption would not prejudice the interests of the investing public:

- (a) given that 338 grantees are involved, strict compliance with such disclosure requirements in setting out full details of all the grantees under the Pre-IPO Share Option Scheme in this document on an individual basis would be costly and unduly

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

burdensome for the Company in light of a significant increase in cost and time for information compilation, preparation, and printing;

- (b) as of the Latest Practicable Date, among all the grantees, 4 are Directors, 5 are senior management of the Company, 17 are senior management of the subsidiaries of the Company, 13 are senior management of our connected person (collectively, the “**Connected Grantees**”) and the remaining 299 grantees are only employees of our Group and its affiliates. Strict compliance with the applicable Share Option Disclosure Requirements to disclose names, addresses, and entitlements on an individual basis in this document will require a substantial volume of additional disclosure that does not provide any material information to the investing public;
- (c) material information relating to the options under the Pre-IPO Share Option Scheme will be disclosed in this document, including the total number of Shares subject to the Pre-IPO Share Option Scheme, the exercise price per Share, the potential dilution effect on shareholding, and impact on the earnings per Share upon the full exercise of the options granted under the Pre-IPO Share Option Scheme; and
- (d) adoption of alternative disclosure regarding the Pre-IPO Share Option Scheme would not prevent the Company from providing its potential investors with an informed assessment of the activities, assets, liabilities, financial position, management, and prospects of the Company.

The Stock Exchange has granted to us a waiver under the Listing Rules on the conditions that:

- (a) full details of the options under the Pre-IPO Share Option Scheme granted to each of the Connected Grantees will be disclosed in the section headed “Statutory and General Information – Pre-IPO Share Option Scheme” in Appendix IV to this document, on an individual basis, as required under the applicable Share Option Disclosure Requirements;
- (b) for the remaining grantees (being the other grantees who are not the Connected Grantees), disclosure will be made for, on an aggregate basis, of (1) their aggregate number of grantees and the number of Shares underlying the options under the Pre-IPO Share Option Scheme, (2) the consideration (if any) paid for the grant of the options under the Pre-IPO Share Option Scheme, and (3) the exercise period and (4) the exercise price for the options granted under the Pre-IPO Share Option Scheme;
- (c) there will be disclosure in this document for the aggregate number of Shares underlying the options under the Pre-IPO Share Option Scheme and the percentage of our Company’s total issued share capital represented by such number of Shares as of the Latest Practicable Date;
- (d) the dilution effect and impact on earnings per Share upon full exercise of the options under the Pre-IPO Share Option Scheme will be disclosed in the section headed “Statutory and General Information – Pre-IPO Share Option Scheme” in Appendix IV to this document;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

- (e) a summary of the major terms of the Pre-IPO Share Option Scheme will be disclosed in the section headed “Statutory and General Information – Pre-IPO Share Option Scheme” in Appendix IV to this document;
- (f) a full list of all the grantees (including those persons whose details have already been disclosed in this document) under the Pre-IPO Share Option Scheme, containing all the particulars as required under the applicable Share Option Disclosure Requirements, will be made available for public inspection as detailed in the section headed “Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection” in Appendix V to this document;
- (g) the grant of a certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting the Company from the applicable Share Option Disclosure Requirements; and
- (h) the particulars of the waiver will be disclosed in this document.

The SFC has agreed to grant to our Company the certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that:

- (a) full details of the options under the Pre-IPO Share Option Scheme granted to each of our Directors, members of the senior management, connected persons of our Company and the senior management of the Company’s connected persons will be disclosed in the section headed “Statutory and General Information – Pre-IPO Share Option Scheme” in Appendix IV to this document, on an individual basis, such details to include all the particulars required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) for the remaining grantees (being the other grantees who are not Directors, members of the senior management or connected persons of our Company or the senior management of the Company’s connected persons), disclosure will be made, on an aggregate basis, of (1) the aggregate number of grantees and the number of Shares underlying the options under the Pre-IPO Share Option Scheme, (2) the consideration paid for the grant of the options under the Pre-IPO Share Option Scheme, and (3) the exercise period and (4) the exercise price for the options granted under the Pre-IPO Share Option Scheme;

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- (c) a full list of all the grantees (including those persons whose details have already been disclosed in this document) under the Pre-IPO Share Option Scheme, containing all the particulars as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be made available for public inspection as detailed in the section headed “Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection” in Appendix V;
- (d) the particulars of the exemption will be disclosed in this document; and
- (e) this document will be issued on or before 10 July 2018.

Further details of the Pre-IPO Share Option Scheme are set forth in the section headed “Statutory and General Information – Pre-IPO Share Option Scheme” in Appendix IV to this document.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT

This document, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and that there are no other matters the omission of which would make any statement herein or this document misleading.

GLOBAL OFFERING

This document is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this document and the Application Forms contain the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this document and the relevant Application Forms, and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Global Offering or to make any representation not contained in this document and the relevant Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorised by our Company or any of the Relevant Persons.

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Representatives. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price to be determined between the Joint Representatives (on behalf of the Underwriters) and our Company on the Price Determination Date. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or about the Price Determination Date.

The Offer Price is expected to be fixed by agreement between the Joint Representatives (on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or about Saturday, 14 July 2018 and, in any event, not later than Thursday, 19 July 2018. If, for whatever reason, the Offer Price is not agreed between the Joint Representatives and our Company on or before Thursday, 19 July 2018, the Global Offering will not become unconditional and will lapse immediately.

See the section headed “Underwriting” for further information about the Underwriters and the underwriting arrangement.

INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The application procedures for the Hong Kong Offer Shares are set forth in the section headed “How to Apply for Hong Kong Offer Shares” and on the relevant Application Forms.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set forth in the section headed “Structure of the Global Offering”.

SELLING RESTRICTIONS ON OFFER AND SALE OF SHARES

Each person acquiring Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by their acquisition of Offer Shares to, confirm that they are aware of the restrictions on offers for the Offer Shares described in this document and the relevant Application Forms.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this document and/or the Application Forms in any jurisdiction other than Hong Kong. Accordingly, this document may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this document and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, our Shares in issue and the Shares to be issued pursuant to the Global Offering (including the Shares that may be issued pursuant to the exercise of the Over-allotment Option, and the exercise of the options granted under the Pre-IPO Share Option Scheme and the options which may be granted under the Post-IPO Share Option Scheme).

Dealings in the Shares on the Stock Exchange are expected to commence on Friday, 20 July 2018. No part of our Shares or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought. All the Offer Shares will be registered on the Hong Kong share register of our Company in order to enable them to be traded on the Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

OVER-ALLOTMENT OPTION AND STABILISATION

Details of the arrangements relating to the Over-allotment Option and Stabilisation are set out in the section headed “Structure of the Global Offering”. Assuming that the Over-allotment Option is exercised in full, the Company may be required to allot and issue up to an aggregate of 48,425,400 additional Shares.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance, and settlement in CCASS with effect from the Listing Date or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

SHARE REGISTER AND STAMP DUTY

Our principal register of members will be maintained in the Cayman Islands by our principal registrar, Maples Fund Services (Cayman) Limited. Our Hong Kong register will be maintained by the Hong Kong Share Registrar in Hong Kong.

All Offer Shares issued pursuant to applications made in the Global Offering will be registered in our Hong Kong register of members. Dealings in the Shares registered in our Hong Kong register of members will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional tax advice.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, holding, and dealing in the Shares or exercising any rights attached to them. It is emphasised that none of our Company or any of the Relevant Persons accepts responsibility for any tax effects on, or liabilities of, holders of the Shares resulting from the subscription, purchase, holding or disposal of the Shares or exercising any rights attached to them.

EXCHANGE RATE CONVERSION

Solely for convenience purposes, this document includes translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. No representation is made that the Renminbi amounts could actually be converted into another currency at the rates indicated, or at all.

INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

Unless otherwise indicated, (i) the translation between Renminbi and Hong Kong dollars was based on the rate of RMB0.8431 to HK\$1.00, the exchange rate prevailing on 29 June 2018 published by the PBOC for foreign exchange transactions, and (ii) the translation between U.S. dollars and Hong Kong dollars was based on the rate of US\$1.00 to HK\$7.8463, being the noon buying rate as set forth in the H.10 statistical release of the United States Federal Reserve Board on 29 June 2018.

TRANSLATION

If there is any inconsistency between the English version of this document and the Chinese translation of this document, the English version of this document shall prevail unless otherwise stated. However, the English names of any Laws, Governmental Authorities, institutions, natural persons or other entities for which no official English translation exists are unofficial translations for your reference only and their names in the original language shall prevail.

ROUNDING

Certain amounts and percentage figures included in this document have been subject to rounding adjustments, or have been rounded to a set number of decimal places. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart in this document between total and sum of amounts listed therein are due to rounding.

SHAREHOLDING

Unless otherwise specified, all references to any shareholding in the Company following the completion of the Global Offering assume that the Over-allotment Option, as described in the section headed “Structure of the Global Offering”, is not exercised.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Zhou Xin (周忻)	Flat C, 8/F, Tower 1, Sorrento No. 1 Austin Road West Tsim Sha Tsui, Hong Kong	Chinese (Hong Kong)
Mr. Huang Canhao (黃燦浩)	Room 3833, Four Seasons Place Hong Kong 8 Finance Street Central, Hong Kong	Chinese (Hong Kong)
Dr. Cheng Li-Lan (程立瀾)	Flat 1202, No. 18 Lane 758 Beijing West Road Shanghai, China	United States of America
Dr. Ding Zuyu (丁祖昱)	Building D01, Xijiao Garden Villa No. 2065, Hongqiao Road Shanghai, China	Chinese
Non-executive Directors		
Dr. Xia Hai Jun (夏海鈞)	Flat A, 32/F, Tower 6 The Pavilia Hill 18A Tin Hau Temple Road North Point, Hong Kong	Chinese (Hong Kong)
Mr. Mo Bin (莫斌)	Room B2001, Block 15 CITIC Mangrove Bay Baishi Second Road, Nanshan District Shenzhen, Guangdong Province China	Chinese (Hong Kong)
Dr. Zhu Jiusheng (祝九勝)	Room 22A, Building Huayige Huatai Xiangyimingyuan Residential Quarter Xiangmei Road Futian District, Shenzhen Guangdong Province, China	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Name	Address	Nationality
Independent non-executive Directors		
Mr. Zhang Bang (張磅)	Room 16-D2 No. 5, Lane 888 Shaanxi South Road Shanghai, China	Chinese
Mr. Zhu Hongchao (朱洪超)	Room 1101 No. 9, Lane 777 Biyun Road Shanghai, China	Chinese
Mr. Wang Liqun (王力群)	No. 13, Yuqing Shanghai, China	Chinese
Mr. Li Jin (李勁)	Room G, 236 Ma Yau Tong Tseng Kwan O Hong Kong	Chinese (Hong Kong)

For further information, see the section headed “Directors and Senior Management”.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors

China International Capital Corporation Hong Kong Securities Limited

29/F, One International Finance Centre
1 Harbour View Street
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Credit Suisse (Hong Kong) Limited

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Joint Global Coordinators

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Credit Suisse (Hong Kong) Limited

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1 Queen's Road Central
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DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Bookrunners

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Credit Suisse (Hong Kong) Limited

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The Hongkong and Shanghai Banking Corporation Limited

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BNP Paribas Securities (Asia) Limited

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Central
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Citigroup Global Markets Asia Limited

(in relation to the Hong Kong Public Offering)
50th Floor, Champion Tower
Three Garden Road
Central
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Citigroup Global Markets Limited

(in relation to the International Offering)
33 Canada Square, Canary Wharf
London E14 5LB
United Kingdom

CMB International Capital Limited

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Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

China Merchants Securities (HK) Co., Limited

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Central
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Haitong International Securities Company Limited

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Central
Hong Kong

Head & Shoulders Securities Limited

Room 2511, 25/F, Cosco Tower
183 Queen's Road
Central
Hong Kong

ICBC International Capital Limited

37/F, ICBC Tower
3 Garden Road
Hong Kong

Juhui Financial Securities Limited

Room 2007, 20/F, Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Lead Managers

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Credit Suisse (Hong Kong) Limited

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The Hongkong and Shanghai Banking Corporation Limited

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BNP Paribas Securities (Asia) Limited

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Central
Hong Kong

Citigroup Global Markets Limited

(in relation to the International Offering)
33 Canada Square,
Canary Wharf
London E14 5LB
United Kingdom

CMB International Capital Limited

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3 Garden Road
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

China Merchants Securities (HK) Co., Limited

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Hong Kong

Haitong International Securities Company Limited

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Head & Shoulders Securities Limited

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ICBC International Securities Limited

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Hong Kong

Juhui Financial Securities Limited

Room 2007, 20/F, Great Eagle Centre
23 Harbour Road
Wan Chai
Hong Kong

Legal advisers to the Company

As to Hong Kong and U.S. laws

Skadden, Arps, Slate, Meagher & Flom and Affiliates

42/F, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC law

Grandall Law Firm (Shanghai)

23-25/F, Garden Square
968 West Beijing Road
Shanghai 200041, China

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

	<i>As to Cayman Islands law</i> Maples and Calder (Hong Kong) LLP 53rd Floor, The Centre 99 Queen's Road Central Hong Kong
Legal advisers to the Joint Sponsors and the Underwriters	<i>As to Hong Kong and U.S. laws</i> Freshfields Bruckhaus Deringer 55th Floor, One Island East Taikoo Place, Quarry Bay Hong Kong
	<i>As to PRC law</i> Fangda Partners 24/F, HKRI Centre Two HKRI Taikoo Hui 288 Shi Men Yi Road Shanghai, China
Reporting accountant and independent auditor	Deloitte Touche Tohmatsu <i>Certified Public Accountants</i> 35/F, One Pacific Place 88 Queensway Hong Kong
Industry consultant and independent property valuer	Cushman & Wakefield Limited 16/F, Jardine House Central Hong Kong
Compliance advisor	SPDB International Capital Limited Suites 3207-3212, One Pacific Place 88 Queensway Hong Kong
Receiving banks	Bank of China (Hong Kong) Limited 1 Garden Road Hong Kong Standard Chartered Bank (Hong Kong) Limited 15th Floor, Standard Chartered Tower 388 Kwun Tong Road Hong Kong

CORPORATE INFORMATION

Headquarters	11/F, Qiushi Building 383 Guangyan Road, Jing'an District Shanghai 200072, China
Principal place of business in Hong Kong	18/F, Tesbury Centre 28 Queen's Road East Wan Chai, Hong Kong
Registered office in the Cayman Islands	The offices of Maples Corporate Services Limited PO Box 309, Ugland House Grand Cayman, KY1-1104 Cayman Islands
Company website	<u>www.ehousechina.com</u> <i>(the information contained on this website does not form part of this document)</i>
Joint company secretaries	Mr. Zhou Liang No. 76, Lane 278 Madang Road, Huangpu District Shanghai, China Mr. Cheng Ching Kit (鄭程傑) <i>(ACS, ACIS)</i> 18/F, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Authorised representatives	Dr. Cheng Li-Lan Tower 18, Flat 1202 758 Beijing West Road Shanghai, China Mr. Zhou Liang No. 76, Lane 278 Madang Road, Huangpu District Shanghai, China
Audit Committee	Mr. Zhang Bang (張磅) <i>(Chairman)</i> Mr. Wang Liquan (王力群) Mr. Li Jin (李勁)

CORPORATE INFORMATION

Remuneration Committee

Mr. Zhu Hongchao (朱洪超) (*Chairman*)
Dr. Cheng Li-Lan (程立瀾)
Mr. Wang Liquan (王力群)

Nomination Committee

Mr. Zhou Xin (周忻) (*Chairman*)
Mr. Zhu Hongchao (朱洪超)
Mr. Wang Liquan (王力群)

**Principal Share Registrar and
Transfer Office**

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall, Cricket
Square Grand Cayman KY1-1102
Cayman Islands

Hong Kong Share Registrar

**Computershare Hong Kong Investor
Services Limited**
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Principal banks

**Shanghai Pudong Development Bank
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Shanghai, China

**China CITIC Bank (Shanghai Hongkou
Branch)**
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Shanghai, China

**Bank of Communications (Shanghai
Zhabei Branch)**
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Jing'an District
Shanghai, China

**China Merchants Bank (Dongfang
Branch)**
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Pudong New Area
Shanghai, China

INDUSTRY OVERVIEW

Certain information and statistics contained in this section and elsewhere in this document relating to the PRC real estate service industry are derived from official government publications and industry sources as well as the Cushman & Wakefield Report, a commissioned report from Cushman & Wakefield, an Independent Third Party. The information from official government publications and the Cushman & Wakefield Report may not be consistent with information available from other sources within or outside the PRC and Hong Kong. We believe that the sources of the information in this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any part has been omitted that would render such information false or misleading. The information has not been independently verified by our Company or any of the Relevant Persons (excluding Cushman & Wakefield) and no representation is given as to its accuracy or completeness of such information and statistics. Accordingly, you should not place undue reliance on such information and statistics.

SOURCES OF INFORMATION

We commissioned Cushman & Wakefield, an independent global real estate services firm that provides, among others, real estate market research and consulting services, to conduct a detailed research on the property agency and consultancy industry in the PRC. We have agreed to pay a fee of HK\$750,000 to Cushman & Wakefield in connection with the preparation of the Cushman & Wakefield Report. We have extracted certain information from the Cushman & Wakefield Report in this section, as well as in the sections headed “Summary”, “Risk Factors”, “Business”, “Financial Information” and elsewhere in this document to provide our potential investors with a more comprehensive presentation of the industry in which we operate.

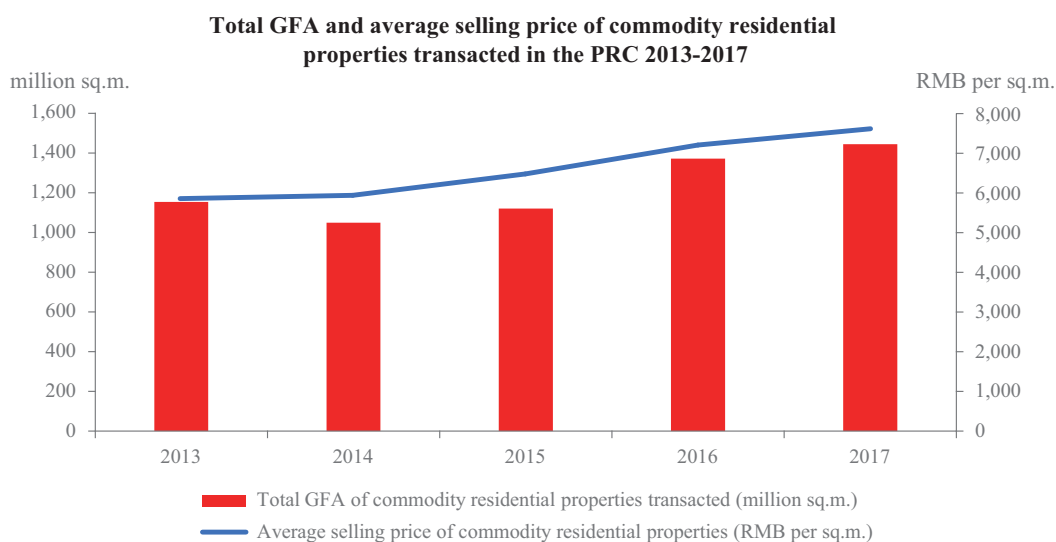
During the preparation of the Cushman & Wakefield Report, Cushman & Wakefield performed both primary and secondary research, and obtained knowledge, statistics, information and industry insights on the industry trends of the property agency and consultancy industry in the PRC, the residential property markets in the Pearl River Delta and Yangtze River Delta, Capital Economic Zone and major cities in the PRC, as well as the residential property market in the PRC as a whole. Primary research involved discussing the status of the industry with leading industry participants and industry experts. Secondary research involved reviewing annual reports of public companies, independent research reports and Cushman & Wakefield’s proprietary databases. The Cushman & Wakefield Report was compiled based on the assumptions that (i) the general economy and the real estate industry in each of the Pearl River Delta, Yangtze River Delta, Capital Economic Zone, major cities in the PRC, and the PRC as a whole will grow at a steady rate; and (ii) the political environment of the PRC will remain stable.

INDUSTRY OVERVIEW

Our Directors confirmed, after making reasonable enquiries and taking reasonable care, that as of the Latest Practicable Date, there had been no adverse change in the market information set forth herein since the date on which the Cushman & Wakefield Report was issued which may qualify, contradict or have an impact on the information in this section.

OVERVIEW OF THE REAL ESTATE MARKET IN THE PRC

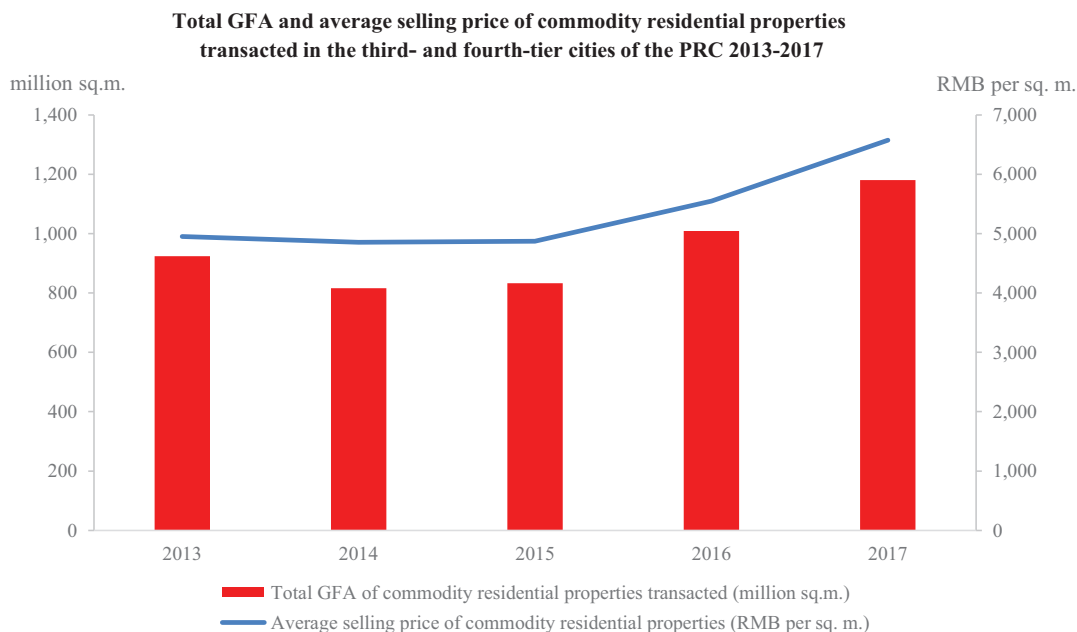
The reform of China's housing distribution system in the last two decades has stimulated the development of the real estate industry. The real estate market in the PRC has continued to experience rapid growth in recent years. According to the Cushman & Wakefield Report, real estate investments in the PRC increased from RMB8,601 billion in 2013 to RMB10,980 billion in 2017, representing a CAGR of 6.3%. Residential property investments account for over two-thirds of overall real estate investments in the PRC, and increased from RMB5,895 billion in 2013 to RMB7,515 billion in 2017, representing a CAGR of 6.3%. Despite the recent retightening of certain restrictive policies on the purchases of residential properties, the total GFA and the average transaction price of real estate residential properties in the primary market in the PRC have shown a general upward trend during the past five years, as illustrated in the chart below:



Sources: China Statistical Yearbook 2017, National Bureau of Statistics, Cushman & Wakefield

INDUSTRY OVERVIEW

In 2017, third- and fourth-tier cities accounted for 80.7% of the PRC primary real estate market in terms of total GFA of real estate residential properties sold, according to the Cushman & Wakefield Report. The total GFA and the average transaction price of real estate residential properties in the primary market in third- and fourth-tier cities in the PRC generally have also shown a trend similar to the overall market during the same period, as illustrated in the chart below:



Sources: Cushman & Wakefield

According to the Cushman & Wakefield Report, in recent years some third- and fourth-tier cities have also started to impose restricted policies that were previously more common in first- and second-tier cities. Despite such restrictive policies, the total GFA sold in third- and fourth-tier cities increased from 2016 to 2017, while total GFA sold in both first- and second-tier cities declined from 2016 to 2017, according to the Cushman & Wakefield Report. The growth of average selling price in third- and fourth-tier cities from 2014 to 2017 was faster than the growth in second-tier cities but slower than the growth in first-tier cities during the same period. According to the Cushman & Wakefield Report, the growth trend of both total GFA and average selling price in third- and fourth-tier cities in China will continue if there is no significant change in economic environment and government policy.

Key Growth Drivers

The rapid growth of the real estate market in the PRC has been mainly driven by the economic growth, rising standards of living and urbanisation in the PRC.

INDUSTRY OVERVIEW

Economic growth and rising standards of living

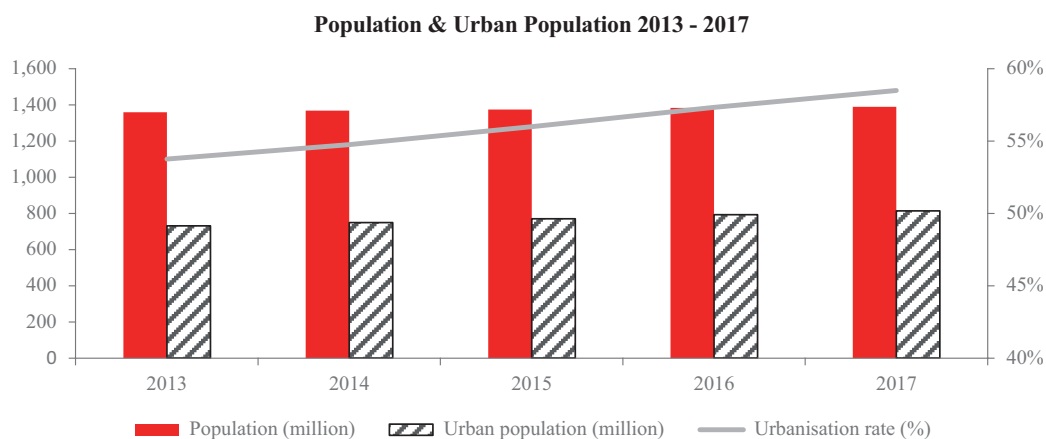
The economic growth in the PRC in the past decades has increased people's disposable income and standards of living, which in turn has increased the demand for residential properties. This growing demand for residential properties has directly stimulated the development of the real estate industry in the PRC. The table below sets forth major economic indicators in the PRC.

	2013	2014	2015	2016	2017	2013-2017 CAGR (%)
Nominal GDP (RMB billion) .	59,524	64,397	68,905	74,359	82,712	8.6%
Real GDP Growth (%)	7.8	7.3	6.9	6.7	6.9	N/A
Nominal GDP per capita (RMB)	43,302	46,629	49,229	53,766	59,505	8.3%
Urban disposable income per capita (RMB)	26,955	29,381	31,195	33,610	36,396	7.8%

Sources: China Statistical Yearbook 2017, National Bureau of Statistics, Cushman & Wakefield

Increasing urbanisation rate

In addition to rising standards of living, the rapid urbanisation in the PRC and its accompanying growth of urban population also play an important role in driving the demand for residential properties. The chart below sets forth some statistics regarding urbanisation of the PRC for the years indicated.



Sources: China Statistical Yearbook 2017, National Bureau of Statistics, Cushman & Wakefield

INDUSTRY OVERVIEW

OVERVIEW OF THE REAL ESTATE TRANSACTION SERVICE INDUSTRY

Market Segments

Real estate transaction services primarily include (i) real estate agency services in the primary market, (ii) real estate information and consultancy services, and (iii) real estate brokerage services in the secondary market.

Real estate agency services in the primary market

Real estate agency services in the primary market mainly consist of marketing and selling services provided to real estate developers in relation to new residential property units. Real estate agency companies generally station their sales personnel on developers' project sites to provide prospective buyers with transaction facilitation services, such as presenting the architectural and interior design of the project as well as information on the surrounding community and amenities, recommending appropriate floor plans based on their purchase criteria and accompanying prospective buyers to view units and amenities. Real estate agency companies with strong service capabilities may also help developers formulate customised marketing plans and provide other value-added services.

Real estate information and consultancy services

Real estate information and consultancy services mainly consist of information and advice on laws, regulations, policies, market information and relevant technologies provided to real estate developers and other parties involved in the property market.

Extensive real estate related data are the foundation of real estate information and consultancy services. The majority of real estate information service providers are focused on providing real estate transaction data, such as property sales prices and transaction volumes. Due to their narrow coverage in terms of types of information, those data providers usually have a wider coverage in terms of geographical markets. Two major real estate consultancy service providers, including our Company, have a more comprehensive data coverage, offering land data, corporate data and economic data in addition to real estate transaction data.

Certain market players that are competitive in both data services and consultancy services also offer rating and ranking services. Based on the massive data they accumulated, they are able to evaluate and rank real estate developers from various angles and offer additional consultancy services based on the rankings.

Real estate brokerage services in the secondary market

Real estate brokerage services in the secondary market mainly consist of transaction and related value-added services provided to individual customers and brokerage firms in relation to real estate transactions in the secondary market.

INDUSTRY OVERVIEW

According to the Cushman & Wakefield Report, existing players mainly use three business models to expand and maintain their market coverage: self-owned stores, franchising, and S2B2C. Companies mainly operating self-owned stores have a direct control over the management of their stores, which helps them maintain and develop a unified brand image, services and support at the expense of higher financial and human resources commitment and slower speed in expansion. Companies mainly relying on franchised stores usually have indirect control over the management of the stores with relatively lower operating costs, which allows them to expand more quickly. However, the brand identity and quality of services may not be guaranteed and may vary among different stores. S2B2C provides comprehensive online and offline services (“S”) to small and medium-sized real estate brokerage businesses (“B”) so as to help them better serve their individual customers (“C”). Companies using this model are able to develop a nationwide brokerage network without substantial capital investments. Companies using this model empower small and medium-sized real estate brokerage businesses by providing them with a full spectrum of resources but generally do not interfere with their operations.

Key Market Trends

Rapid growth driven by the development of the real estate market

To accommodate the development of the real estate industry in China, real estate transaction services also began to develop in the 1990s. Starting from 2001, the real estate transaction service industry in China started a period of rapid growth. Real estate transaction service providers began to gradually be consolidated and their business scales also had a remarkable expansion. In particular, the real estate agency services in the primary market segment was largely driven by the condition of the primary residential market. The growth of the total GFA and the average transaction price in recent years have directly contributed to the revenue growth of real estate agency service providers.

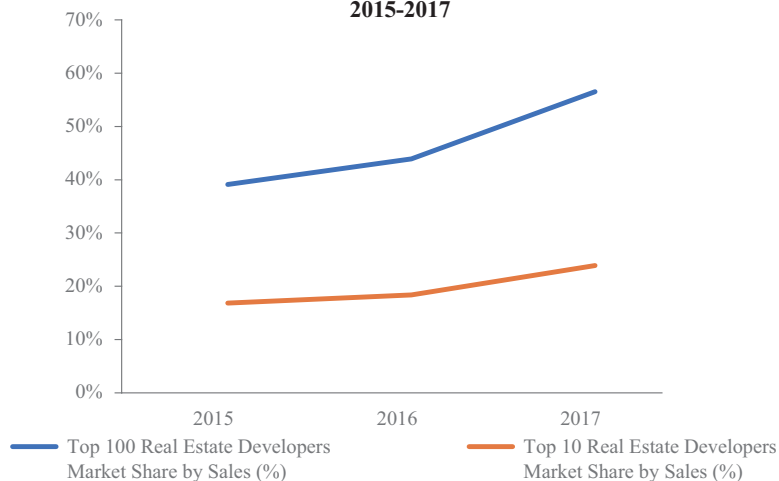
Increasing market concentration

The real estate development market in China has experienced significant consolidation in recent years, and this trend is expected to continue. According to the Cushman & Wakefield Report, the market share of the Top 100 Real Estate Developers in China, as measured by sales amount, increased from approximately 39.1% in 2015 to 56.8% in 2017, and their market share is expected to continue to grow and reach 62.8% to 65.8% by 2020 if there is no significant change in economic environment and government policy. The concentration of real estate developers imposed higher requirements on the real estate transaction service companies, such as the ability to provide integrated solutions covering all stages of real estate development and sufficient nationwide resources to execute such solutions.

INDUSTRY OVERVIEW

The following chart shows the market share of the Top 100 Real Estate Developers and top 10 real estate developers from 2015 to 2017:

**Top 10 and 100 Real Estate Developers Market Share by Contracted Sales Amount
2015-2017**



Source: Cushman & Wakefield

To capture the opportunities brought by those top real estate developers, the real estate transaction service industry has also experienced a gradual consolidation. The market share of the top 10 property agency and consultancy companies grew from 12.0% in 2012 to 17.1% in 2015, and is estimated to reach 24.6% to 27.1% by 2020 if there is no significant change in economic environment and government policy, according to the Cushman & Wakefield Report.

Stabilised agency commission rate

For real estate agency services in the primary market, a prominent market trend is the stabilised agency commission rate. Property agency commission rate is relatively transparent for real estate agency services in the primary market. According to an analysis conducted by Cushman & Wakefield on the top 100 real estate agency companies in the PRC, the average real estate agency commission rate of these top 100 companies in the primary market was stable in the past few years and was maintained at around 1%.

Market Outlook

Despite certain recent restrictive policies on purchases of residential properties, the primary real estate market in China is still growing, particularly in third-and fourth-tier cities, according to the Cushman & Wakefield Report. Assuming the PRC governments do not further tighten their restrictive policies, the transaction volume and average selling price of residential properties in China are expected to maintain the upward trend and the PRC real estate agency and consultancy market will benefit from this trend, according to the Cushman & Wakefield Report. In addition, the top players in the real estate transaction services industry, particularly those providing comprehensive services, are expected to benefit from the market concentration of real estate developers, offsetting any potential negative impact of restrictive government policies, according to the Cushman & Wakefield Report.

INDUSTRY OVERVIEW

Entry Barriers

The entry barriers of the real estate transaction service industry are relatively low. However, more and more large real estate developers prefer to rely on service providers that offer a full range of transaction services, from agency services, data services to various other value-added services. As it takes significant time and resources to develop comprehensive service capabilities, it is increasingly difficult for new entrants to become a major market player, which has resulted in a large number of small players in the market, most of which are small in scale. Whether a company can effectively compete in the market depends on a number of factors, including brand recognition, experience in the real estate transaction service industry, geographical coverage, and data capabilities.

According to the Cushman & Wakefield Report, a major entry barrier for real estate agency services in the primary market is strong business relationships with the real estate developers, especially the top developers. Such relationships create stable revenue sources for agency companies and increase the predictability of their business results. Most existing major agency companies have established long-term relationships with a number of real estate developers. They also have extensive experience and abundant resources to serve their clients and maintain these relationships. New entrants usually do not have enough experience and resources to execute large projects for major developers, which makes it difficult to establish solid relationships with these developers.

According to the Cushman & Wakefield Report, the entry barriers of the real estate information and consultancy service market are relatively high. Successful market players must have comprehensive databases with a vast amount of real estate data to support their provision of information and consultancy services. They also need a team of engineers and data analysts with consulting experience in the real estate industry to provide one-stop solutions to cater to different types of customers, such as developers, private and institutional investors, government entities and property agencies. Data resources and data analytical capabilities are increasingly important, sometimes even decisive in the competition in the real estate transaction service industry, according to Cushman & Wakefield Report. The current leaders in real estate information and consultancy services have already accumulated extensive real estate related information covering hundreds of cities in the PRC, which is difficult for new entrants to quickly duplicate.

According to the Cushman & Wakefield Report, the provision of real estate brokerage services in the secondary market largely relies on the number and geographical coverage of physical brokerage stores. Each existing major market player has already established a dense brokerage network nationwide, enabling them to acquire property resources in the secondary real estate market as much as possible. It takes significant time, brand recognition and/or other resources for new market entrants to establish a nationwide network.

INDUSTRY OVERVIEW

COMPETITIVE LANDSCAPE OF THE REAL ESTATE TRANSACTION SERVICE INDUSTRY

After decades of development, real estate transaction service companies have gradually transformed from simple property sales agents into providers of diversified real estate transaction services with different areas of focus. We offer real estate agency services in the primary market, real estate data and consulting services, and real estate brokerage network services, covering all three segments of the real estate transaction service market. According to the Cushman & Wakefield Report, we are the largest real estate service provider in China in terms of the number of cities with both real estate transaction data and land data covered. None of our competitors is a leader in all three segments. We therefore present the competitive landscape of each segment separately.

Real Estate Agency Services in the Primary Market

Among real estate agency service providers in the PRC primary market, two companies, including us, are clear leaders with greater revenue, transaction value and geographic coverage than other market players. The following table shows certain statistics of major real estate agency service providers in the primary market in the PRC in 2017:

Market Players	Approximate Revenue from Real Estate Agency Services in the Primary Market in 2017	Approximate Total Value of New Properties Sold in 2017	Geographic coverage in terms of approximate Number of Cities Covered as of 31 December 2017	Key scope of work
	(in billions of RMB)			
Our Group	3.93	433.0	186	Primary agency and consultancy services, secondary brokerage network services, and real estate data and consulting services
Company A (a provider of comprehensive real estate services listed on Shenzhen Stock Exchange)	3.82	452.3	185	Primary agency and consultancy services
Company B (a provider of comprehensive real estate services listed on Hong Kong Stock Exchange)	2.93	360.0	150	Primary agency and consultancy services, secondary agency services
Company C (a provider of comprehensive real estate services)	Not Available	180.0	100	Primary agency and consultancy services

Source: China Real Estate Top 10 Research Group, various company websites, financial statement, National Bureau of Statistics, Cushman & Wakefield.

INDUSTRY OVERVIEW

Real Estate Information and Consultancy Services Market

According to the Cushman & Wakefield Report, there are only two major providers of comprehensive data products in China, including our Group. Both companies provide data on land, buildings, real estate projects, real estate transactions, real estate companies and the macroeconomic condition. The two companies are also comparable in terms of geographical coverage, with us being the larger data provider in terms of the number of cities with both real estate transaction data and land data covered, according to the Cushman & Wakefield Report. In addition, both companies publish a number of rankings and market reports. However, only we provide construction database services.

Real Estate Brokerage Services in the Secondary Market

According to the Cushman & Wakefield Report, we ranked second in terms of the number of real estate brokerage stores in the PRC, and we are the only market player operating under the S2B2C business model. The follow table shows certain details of the top five real estate brokerage service providers in the secondary market:

<u>Market Players</u>	<u>Business Model</u>	<u>Approximate Number of Stores as of 31 December 2017</u>	<u>Number of Cities Covered as of 31 December 2017</u>
Company D	Self-owned stores	8,000	28
Our Group	S2B2C	4,000	22
Company E.	Franchising	2,600	14
Company F.	Mix of self-owned stores and franchising	2,215	15
Company G	Self-owned stores	2,000	33

Source: Publicly available information on various company websites, Cushman & Wakefield.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

OVERVIEW

Our real estate agency business in the primary market began in 2000, followed shortly by our real estate data and consulting services business in 2002. The holding company of these businesses (E-House (China) Holdings) was listed on NYSE from 2007 to 2016, and one of its subsidiaries (CRE Corp, then being our intermediate holding company) was partially spun-off from E-House (China) Holdings and separately listed on NASDAQ from 2009 to 2012. We began our real estate brokerage network services business in 2016. Following the privatisation of E-House (China) Holdings in late 2016, we underwent an internal reorganisation whereby the Company became the holding company of the Group's business.

Save for our businesses, E-House (China) Holdings (directly or indirectly through CRE Corp or other subsidiaries) also have interests in other business segments prior to and upon the privatisation, including but not limited to online real estate related businesses held through Leju, wealth management service business held through Jupai, and public relations business held through TED. See subsection headed "E-House (China) Holdings' businesses" below for more details of E-House (China) Holdings' businesses. Our businesses were only and will continue to be part of the business segments of E-House (China) Holdings prior to and after its privatization.

Mr. Zhou controls our business through several intermediate companies controlled by him (including but not limited to CRE Corp and E-House (China) Holdings) and has been the single largest shareholder during the Track Record Period. Although Mr. Zhou ceased to hold more than 30% of our Shares upon the completion of the Pre-IPO Investments, Mr. Zhou (together with the intermediate companies controlled by him) 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. See the section headed "Relationship with our Controlling Shareholders – Our Controlling Shareholders" for more details of our Controlling Shareholders.

Key business milestones

The following is a summary of our Group's key business development milestones:

Year	Event
2000	Commenced operations under E-House Management, then known as Shanghai Real Estate Customer Service Co., Ltd. (上海房地產住宅消費服務有限公司)
2002	The initial version of our CRIC Systems was launched
2003	Expansion of real estate agency business in the primary market from Shanghai to other cities in the PRC

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Year	Event
2004	E-House (China) Holdings, the former holding company of our businesses was established
2006	Awarded ‘National Best Real Estate Agency Brokerage Organisation (全國優秀房地產經紀機構)’ by China Institute of Real Estate Appraisers and Agencies (中國房地產估價師與房地產經紀人學會)
	Awarded ‘China Real Estate Agency Leading Brand (中國房地產策劃代理行業領先公司品牌)’ by the China Real Estate Top 10 Research Team (中國房地產Top 10研究組)
2007	E-House (China) Holdings, the former holding company of our businesses, was listed on the NYSE in August 2007
2008	E-House (China) Holdings was honoured as the No. 1 agency among the China Top 100 Real Estate Agencies (中國房地產策劃代理百強企業第一名) as ranked by China Real Estate Association (中國房地產業協會), Enterprise Research Institute of Development Research Centre of the State Council of PRC (國務院發展研究中心企業研究所), Institute of Real Estate Studies of Tsinghua University (清華大學房地產研究所), and China Index Academy (中國指數研究院) for the fourth year running
2009	CRE Corp (the then holding company of our real estate data and consulting services business) was partially spun off from E-House (China) Holdings and listed on NASDAQ in October 2009
2010	CRE Corp began to offer real estate rating and ranking services
2012	Pursuant to the CRE Corp Merger Agreement, CRE Corp became a wholly-owned subsidiary of E-House (China) Holdings
2016	Real estate brokerage network launched under ‘Fangyou’ brand
	E-House (China) Holdings was privatised and delisted from NYSE
2017-2018. .	Pre-IPO investments in our Company by strategic investors in preparation for the Global Offering

CORPORATE DEVELOPMENT OF OUR GROUP

Our major subsidiaries and operating entities

The principal business activities, date of incorporation and date of commencement of business of each member of our Group that made a material contribution to our results of operations during the Track Record Period, all of which are our wholly-owned subsidiaries (save for Beijing CREA Technology Services Ltd.), are shown below:

Subsidiary (place of incorporation)	Principal business activities	Date of incorporation and commencement of business
杭州易居永創房地產營銷策劃有限公司 (Hangzhou E-House Yongchuang Real Estate Sales and Marketing Co., Ltd.) (PRC)	Real estate brokerage services, sale and marketing of property developments	18 July 2008
武漢易居投資有限公司 (Wuhan E-House Investment Co., Ltd.) (PRC).	Real estate brokerage services, sale and marketing of property developments	15 April 2004

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Subsidiary (<i>place of incorporation</i>)	Principal business activities	Date of incorporation and commencement of business
河南易居房地產顧問有限公司 (Henan E-House Real Estate Consultancy Co., Ltd.) (PRC)	Real estate brokerage services, sale and marketing of property developments	7 July 2005
天津易居金岳房地產經紀有限公司 (Tianjin E-House Jinyue Real Estate Brokerage Co., Ltd.) (PRC)	Real estate brokerage services, sale and marketing of property developments	19 February 2008
E-House Xiangyue (PRC)	Real estate brokerage services, sale and marketing of property developments	18 January 2010
海南易居旅遊地產經紀有限公司 (Hainan E-House Tourism Real Estate Brokerage Co., Ltd.) (PRC)	Real estate brokerage services, sale and marketing of property developments	9 June 2010
山西易居金岳房地產經紀有限公司 (Shanxi E-House Jinyue Real Estate Brokerage Co., Ltd.) (PRC)	Real estate brokerage services, sale and marketing of property developments	31 January 2013
PRC Holdco (PRC)	Real estate data and consulting services	3 July 2006
南京金岳房地產銷售有限公司 (Nanjing Jinyue Real Estate Sales Co., Ltd.) (PRC)	Real estate brokerage services, sale and marketing of property developments	29 April 2004
安徽易居金岳房地產營銷策劃有限公司 (Anhui E-House Jinyue Real Estate Sales and Marketing Co., Ltd.) (PRC)	Real estate brokerage services, sale and marketing of property developments	25 August 2015
上海大乘房地產經紀有限公司 (Shanghai Dacheng Real Estate Brokerage Co., Ltd.) (PRC)	Real estate brokerage services, sale and marketing of property developments	16 November 2015
濟南金岳房地產經紀有限公司 (Jinan Jinyue Real Estate Brokerage Co., Ltd.) (PRC)	Real estate brokerage services, sale and marketing of property developments	27 May 2003
陝西易居不動產投資顧問有限公司 (Shaanxi E-House Real Estate Investment Consultancy Co., Ltd.) (PRC)	Real estate brokerage services, sale and marketing of property developments	4 December 2006
北京中房研協技術服務有限公司 (Beijing CREA Technology Services Ltd.) (PRC)	Real estate data and consulting services, rating and ranking services	17 August 2010

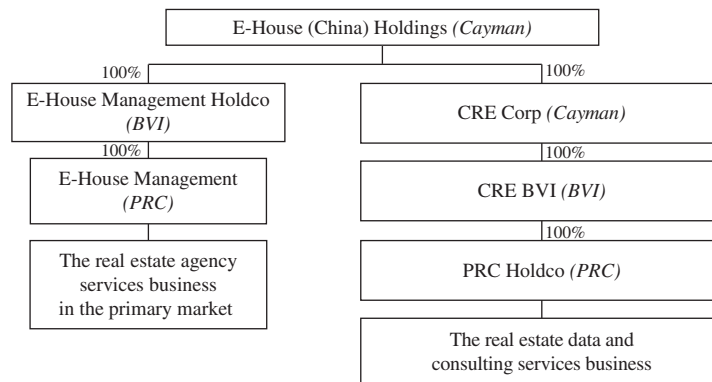
HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Commencement of our business

Our real estate agency services business in the primary market commenced in 2000 through E-House Management, one of whose initial investors was Mr. Zhou, our Controlling Shareholder. On 27 August 2004, E-House (China) Holdings was established in the Cayman Islands and on 4 January 2005, E-House Management Holdco, then known as E-House Real Estate Ltd., was established in the British Virgin Islands and is a wholly-owned subsidiary of E-House (China) Holdings. Through a reorganisation in April 2005, E-House Management became a wholly-owned subsidiary of E-House Management Holdco.

Development of the CRIC Systems began in 2002, initially to support services provided to our real estate agency customers in the primary market. On 25 April and 3 July 2006, respectively, CRE BVI and PRC Holdco were established. The commercialisation of the CRIC Systems and the offering of real estate information and consulting services began in 2006, and the real estate consulting and data services business (including the CRIC Systems) has been held through PRC Holdco since then. CRE Corp was incorporated on 21 August 2008 in the Cayman Islands as a wholly-owned subsidiary of E-House (China) Holdings, and on 20 October 2008, CRE Corp became the 100% shareholder of CRE BVI and therefore, indirectly, the 100% shareholder of PRC Holdco. Thus, E-House (China) Holdings, through CRE Corp and CRE BVI, began to hold the entire shareholding of PRC Holdco as of 20 October 2008.

A simplified corporate structure as of October 2008 is set out below:



HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Public offerings of ADSs of holding companies

Below are details of public offerings of ADSs of the holding companies of our businesses:

Holding company	E-House (China) Holdings (initial public offering)	E-House (China) Holdings (follow-on offering)	CRE Corp (initial public offering)
Date of listing of ADSs	8 August 2007	1 February 2008	16 October 2009
Trading venue	NYSE	NYSE	NASDAQ
Number of ADSs listed. . . .	16,790,000 (including the exercise of an over-allotment option)	6,900,000 (including the exercise of an over-allotment option)	18,000,000
ADS to ordinary share ratio . .	1:1	1:1	1:1
Offering price	US\$13.80 per ADS	US\$17.00 per ADS	US\$12.00 per ADS
Mr. Zhou's approximate interest in holding company immediately following public offer.	41.71%	33.52%	1.14% direct interest; 51.01% indirect interest through E-House (China) Holdings

Delisting of CRE Corp

The CRE Corp Merger Agreement

On 28 December 2011, E-House (China) Holdings entered into an agreement and plan of merger with CRIC (China) Holdings Limited (then a directly wholly-owned subsidiary of E-House (China) Holdings) and CRE Corp (the “**CRE Merger Agreement**”) pursuant to which CRIC (China) Holdings Limited would merge with and into CRE Corp, such that CRE Corp would continue as the surviving corporation. CRE Corp became a wholly-owned subsidiary of E-House (China) Holdings on 20 April 2012 and its ADSs were officially delisted from NASDAQ on 3 May 2012. Each ordinary share of CRE Corp (and each such share represented by ADSs) was cancelled in exchange for the right to receive 0.6 ordinary shares of E-House (China) Holdings and US\$1.75 in cash without interest (less a US\$0.05 cancellation fee per ADS).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Rationale for CRE Corp's privatisation and delisting

The purpose of CRE Corp's privatisation was for E-House (China) Holdings to acquire the outstanding CRE Corp shares it did not previously own. It was considered that CRE Corp's privatisation would:

- provide its clients with a more comprehensive online and offline real estate service platform through the integration of CRE Corp's capabilities into E-House (China) Holdings' businesses;
- improve management efficiency through deeper integration with management teams and better coordination of marketing efforts across all business segments; and
- be a good utilisation of E-House (China) Holdings' cash balance and earnings accretive for E-House (China) Holdings' shareholders.

Financing of CRE Corp's privatisation

E-House (China) Holdings paid approximately US\$113.1 million from its readily available cash and cash equivalents, and issued 38,785,588 ordinary shares as consideration for its privatisation of CRE Corp.

Compliance during listing on NASDAQ

Our Directors confirm that, to the best of their knowledge and belief and in respect of the Group's businesses:

- (a) CRE Corp had, during the period it was listed on NASDAQ:
 - (i) been in compliance in all material respects with all applicable U.S. securities laws and regulations and NASDAQ rules and regulations; and
 - (ii) not been subject to any disciplinary action by the relevant regulators; and
- (b) there are no matters in relation to the prior listing of CRE Corp that need to be brought to the attention of the Stock Exchange or the Shareholders.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Corporate reorganisation of E-House (China) Holdings' businesses

On 30 July 2015, E-House (China) Holdings began an internal corporate reorganisation to acquire the real estate agency business in the primary market by entering into a reorganisation agreement with E-House Management Holdco (and certain of its subsidiaries, including Beijing Jinyue and E-House Xiangyue), following which certain internal reorganisation steps were taken, namely:

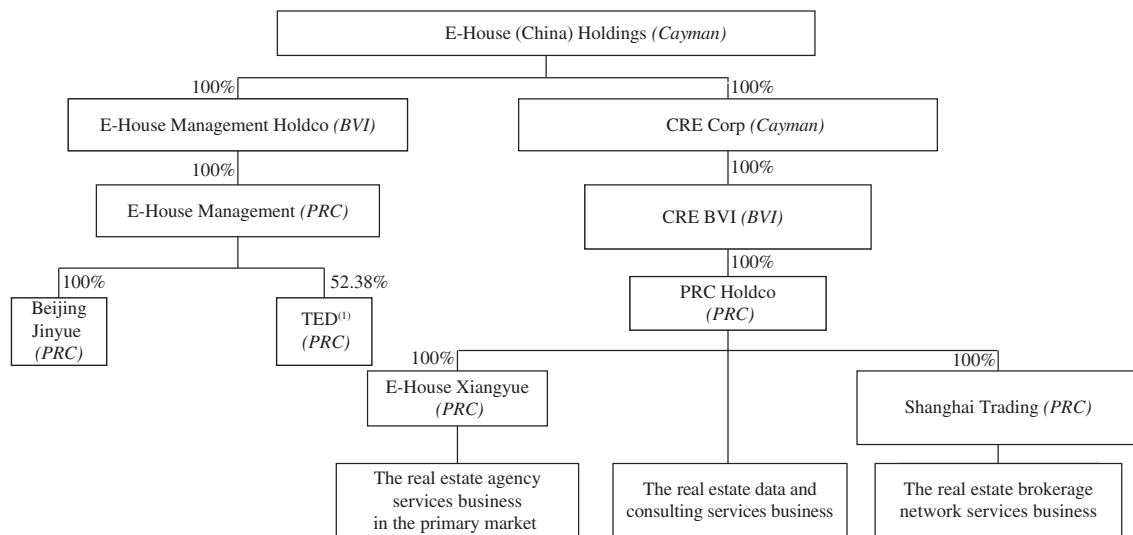
- on 11 August 2015, PRC Holdco (a wholly-owned subsidiary of E-House (China) Holdings) entered into a share transfer agreement with E-House Management (a wholly-owned subsidiary of E-House Management Holdco), pursuant to which E-House Management agreed to sell, and PRC Holdco agreed to purchase, the entire equity interests in E-House Xiangyue for a consideration of approximately RMB50 million;
- on 15 September 2015, E-House Xiangyue entered into a share transfer agreement with TED, pursuant to which TED agreed to sell, and E-House Xiangyue agreed to purchase, the entire equity interests in Shanghai Lituo for a consideration of approximately RMB4.22 million;
- E-House Xiangyue, by itself or through its subsidiaries, entered into further share transfer agreements with E-House Management Holdco or its subsidiaries, pursuant to which E-House Xiangyue acquired E-House Management Holdco's equity interests in various subsidiaries that operated in the real estate agency business in the primary market; and
- on 31 December 2015, PRC Holdco entered into an agreement with E-House Management and Beijing Jinyue, pursuant to which E-House Management and Beijing Jinyue transferred real estate agency businesses in the primary market to PRC Holdco or its subsidiaries and ceased to carry out any real estate agency businesses in the primary market thereafter ("**Business Transfer**"), except that E-House Management and Beijing Jinyue continued to act as a collection agent on behalf of our Group in respect of those incomplete real estate agency contracts (see note 21(b) in the Accountants' Report as set out in Appendix I to this document for details). In addition, pursuant to such agreement, our Group will assume the real estate agency businesses in the primary market, labour work force, acquired certain property and equipment and assumed the obligation in respect of the outstanding accrued payroll that are specifically identified to the real estate agency businesses in the primary market. The net liabilities to the real estate agency businesses in the primary market being transferred to our Group amounted to RMB71,545,000. As such, E-House Management and Beijing Jinyue will have to pay a consideration of RMB71,545,000 to our Group for this Business Transfer. The Business Transfer was completed on 31 December 2015 and the consideration receivables in relation to the Business Transfer will be settled before Listing.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

As a result of the internal corporate reorganisation, PRC Holdco acquired from E-House Management Holdco the real estate agency business in the primary market and both our real estate agency business in the primary market and our real estate data and consulting services business were operated by PRC Holdco and its subsidiaries. The internal corporate reorganisation was completed on 31 December 2015.

Separately, on 30 October 2015, PRC Holdco established Shanghai Trading to begin development of the real estate brokerage network services business.

Below is a simplified corporate structure reflecting the completed corporate reorganisation as of 31 December 2015:



Note 1: TED was indirectly held as to 52.38% by E-House Management.

Privatisation of E-House (China) Holdings

The E-House (China) Holdings Merger Agreement

Our business was wholly-owned by E-House (China) Holdings at the time of its privatisation. On 15 April 2016, E-House (China) Holdings entered into an agreement and plan of merger with E-House Holdings and E-House Merger Sub Ltd. (then a wholly-owned subsidiary of E-House Holdings) (“**E-House (China) Holdings Merger Agreement**”) pursuant to which E-House Merger Sub Ltd. would merge with and into E-House (China) Holdings, such that E-House (China) Holdings would continue as the surviving corporation and a wholly-owned subsidiary of E-House Holdings.

The offer price for the cancellation of each issued and outstanding ordinary share was a cash amount of US\$6.85 per share (US\$6.80 per ADS after deducting US\$0.05 cancellation fee per ADS), without interest and net of any applicable withholding taxes. This reflected a market capitalisation of E-House (China) Holdings of approximately US\$987 million. Such offer price

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

was the result of negotiation between the buyer group to the merger of E-House (China) Holdings and the independent special committee of E-House (China) Holdings. In evaluating the fairness of the offer price, the independent special committee considered multiple factors, including, among others, (i) the market price of the ADSs of E-House (China) Holdings; (ii) trading multiples of similar companies; and (iii) financial terms of certain relevant business combinations and other transactions on the NYSE, and also relied on the fairness opinion issued by an independent financial advisor, which is an internationally recognized valuation specialist firm.

The buyer group

The buyer group to the merger, being the beneficial owners of E-House Holdings, were:

- (i) Mr. Zhou, together with corporations controlled by him, namely Kanrich, On Chance, and Jun Heng (holding in aggregate approximately 51.6% of E-House (China) Holdings after the merger);
- (ii) Mr. Shen Nanpeng, together with corporations he controlled, namely Smart Create Group Limited and Smart Master International Limited; and
- (iii) SINA Corporation.

The merger of E-House (China) Holdings was approved by a special meeting of E-House (China) Holdings' shareholders on 5 August 2016. As a result, all the outstanding ADSs of E-House (China) Holdings were cancelled, and the ADSs of E-House (China) Holdings were formally delisted from the NYSE on 12 August 2016.

On 30 December 2016, E-House Holdings exercised an option pursuant to the above merger agreement to repurchase all of its shares held by SINA Corporation for a consideration of 30% of the ordinary shares of Leju and a cash payment of approximately US\$129 million. Thus SINA Corporation ceased to be a shareholder of E-House Holdings or its subsidiaries (including our businesses) on 30 December 2016. As at 30 December 2016, the issued share capital of E-House Holdings was held as to 90.54% by Mr. Zhou and corporations controlled by him and as to 9.46% by Mr. Shen Nanpeng and corporations controlled by him.

E-House (China) Holdings' businesses

In addition to our businesses, E-House (China) Holdings (directly or indirectly through CRE Corp or other subsidiaries) also have interests in other business segments prior to and upon the privatisation, including but not limited to the following:

- 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), held through Leju;

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

- wealth management service business, mainly focusing on distributing wealth management products and providing related advisory services to high-net-worth individuals in China, held through Jupai;
- public relations business, mainly focusing on organising promotional events for real estate developers, held through TED; and
- new business initiatives that provide community value-added services, time-sharing education service and technology R&D platform.

Our businesses were only and will continue to be part of the business segments of E-House (China) Holdings prior to and after its privatisation.

Rationale for E-House (China) Holdings' privatisation and delisting

The privatisation was initiated because, among other reasons, it was considered that the Group was undervalued in the U.S. and that the privatisation would allow the then management of E-House (China) Holdings greater flexibility to develop the long-term strategy and restructure different business units to improve the valuation, long-term performance and profitability of the relevant business segments (where applicable), and pursue their respective capital market strategies, without the short-term performance driven pressure from the public market.

Financing of E-House (China) Holdings' privatisation

The total consideration for the privatisation was approximately US\$562.4 million and was financed by a US\$350 million loan facility provided by Shanghai Pudong Development Bank Co., Ltd., Nanhui Sub-Branch and cash contributions from Mr. Zhou, Mr. Shen Nanpeng and SINA Corporation. Such US\$350 million loan facility was fully repaid as at the Latest Practicable Date.

Compliance during listing on the NYSE

Our Directors confirm that, to the best of their knowledge and belief and in respect of the Group's businesses:

- (a) E-House (China) Holdings had, during the period it was listed on the NYSE:
 - (i) been in compliance in all material respects with all applicable U.S. securities laws and regulations and NYSE rules and regulations; and
 - (ii) not been subject to any disciplinary action by the relevant regulators; and
- (b) there are no matters in relation to the prior listing of E-House (China) Holdings that need to be brought to the attention of the Stock Exchange or the Shareholders.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

OUR CORPORATE REORGANISATION

Incorporation of our offshore holding companies

Our Company

Our Company was incorporated on 22 February 2010 as Fangyou Information Technology Company Limited (房友信息技術有限公司), an exempted company with limited liability in the Cayman Islands. Upon its incorporation, the authorised share capital of our Company was US\$50,000.00 divided into 50,000 ordinary Shares with a par value of US\$1.00 each.

At the time of incorporation, our Company issued one ordinary Share with a par value of US\$1.00 to Offshore Incorporations (Cayman) Limited, an Independent Third Party, for a consideration of US\$1.00. On the same day, the one ordinary Share held by Offshore Incorporations (Cayman) Limited was transferred to CRE Corp for a consideration of US\$1.00, and an additional 999 Shares were issued and allotted to CRE Corp for a consideration of US\$999.00.

On 6 November 2017, each issued and unissued ordinary Share then of US\$1.00 par value was subdivided into 100,000 Shares of US\$0.00001 par value each. On the same day, 900,000,000 Shares were issued and allotted to CRE Corp and credited as fully paid up. On 14 December 2017, our Company's name was changed to E-House (China) Enterprise Holdings Limited (易居(中國)企業控股有限公司).

Fangyou Information Technology Holdings Limited

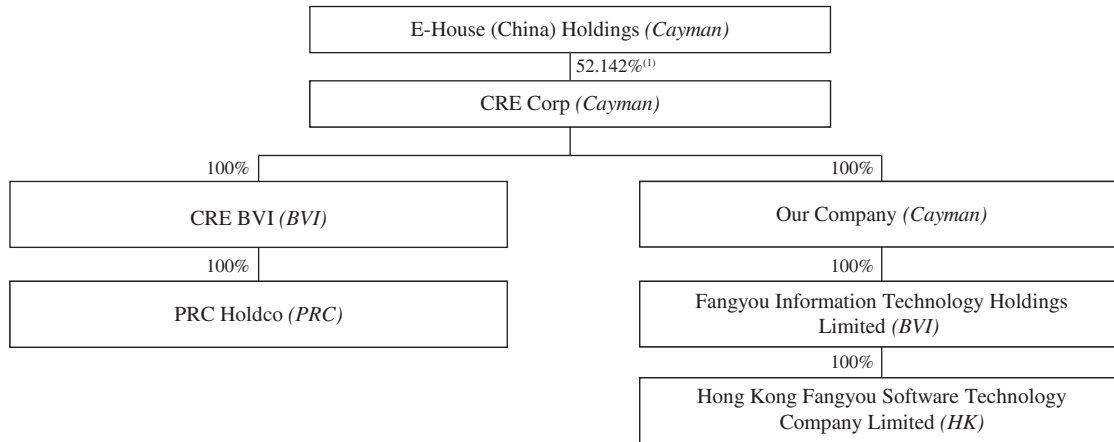
On 8 February 2010, Fangyou Information Technology Holdings Limited (房友信息技術控股有限公司) was incorporated as a company with limited liability in the British Virgin Islands. On 26 February 2010, 1,000 shares of US\$1.00 each were issued and allotted to our Company at par value.

Hong Kong Fangyou Software Technology Company Limited

On 1 March 2010, Hong Kong Fangyou Software Technology Company Limited (香港房友軟件技術有限公司) was incorporated as a limited liability company under the laws of Hong Kong. Fangyou Information Technology Holdings Limited was the sole founding member and holder of 10,000 shares.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Below is a simplified structure of our offshore holding companies and the then holding companies of our business as of 1 March 2010:



Note: (1) CRE Corp's ADSs were listed on NASDAQ on 16 October 2009.

Disposal of subsidiaries

On 31 May 2015, the Group transferred its 100% equity interest in Shanghai Fangjia Information Technique Co., Ltd. (上海方加信息技術有限公司) (“**Fangjia Technique**”) to Shanghai Yi Fang Software Technology Co., Ltd. (上海易房軟件技術有限公司) (“**Yifang**”), an indirectly wholly-owned subsidiary of E-House (China) Holdings, for a consideration of RMB5,000,000 (based on arm's length negotiations between the parties). Fangjia Technique is principally engaged in the business of technical development and technical consulting, which is not within the business scope of our Group.

On 31 October 2015, the Group transferred its 100% equity interest in Shanghai Yijin Culture Development Co., Ltd. (上海易進文化發展有限公司) (“**Yijin**”) to Yifang for a consideration of RMB10,000,000 (based on arm's length negotiations between the parties). Yijin is principally engaged in the business of planning service, business information consulting and etiquette service, which is not within the business scope of our Group.

On 31 December 2015, the Group transferred its 100% equity interest in Shanghai Chengshen Culture Development Co., Ltd. (上海城申文化發展有限公司) (“**Chengshen**”) to Yifang for a consideration of RMB3,000,000 (based on arm's length negotiations between the parties). Chengshen is principally engaged in the business of cultural and artistic communication, business information consulting and exhibition and display service, which is not within the business scope of our Group.

Our Directors confirm that, to the best of their knowledge and belief, prior to the Group's transfer of its equity interests in Fangjia Technique, Yijin and Chengshen to Yifang, each of Fangjia Technique, Yijin and Chengshen had been in compliance in all material respects with the relevant laws and regulations in the PRC.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Reorganisation of interests in PRC Holdco

On 31 October 2016, CRE BVI sold 50% of its equity interest in PRC Holdco to 21 investors (comprising leading real estate developers and private equity investment funds) in order to facilitate the strategic cooperation with the leading real estate developers and gain knowledge and experience in the development of business strategies (the “**21 Investors**”). The total consideration for this sale was RMB4 billion (based on arm’s length negotiations between CRE BVI and each of the 21 Investors, and with reference to the historical financial performance of the Group, including revenues and profits generated from the Group’s major business segments and the geographic coverage of the Group’s services, and the expectation on the prospects of the Group’s businesses) and was settled by cash. CRE BVI remained the single largest shareholder of PRC Holdco and retained control over PRC Holdco via a voting agreement with one of the 21 Investors, Shanghai Panshi Liyue Capital Partners, L.P. (上海磐石驪約投資合夥企業(有限合夥)), which held 5% of the equity interest in PRC Holdco. Pursuant to such voting agreement, Shanghai Panshi Liyue Capital Partners, L.P. agreed to vote in all shareholders’ meeting in a consensual manner with CRE BVI. The shareholding in PRC Holdco immediately following this capital raising is reflected below:

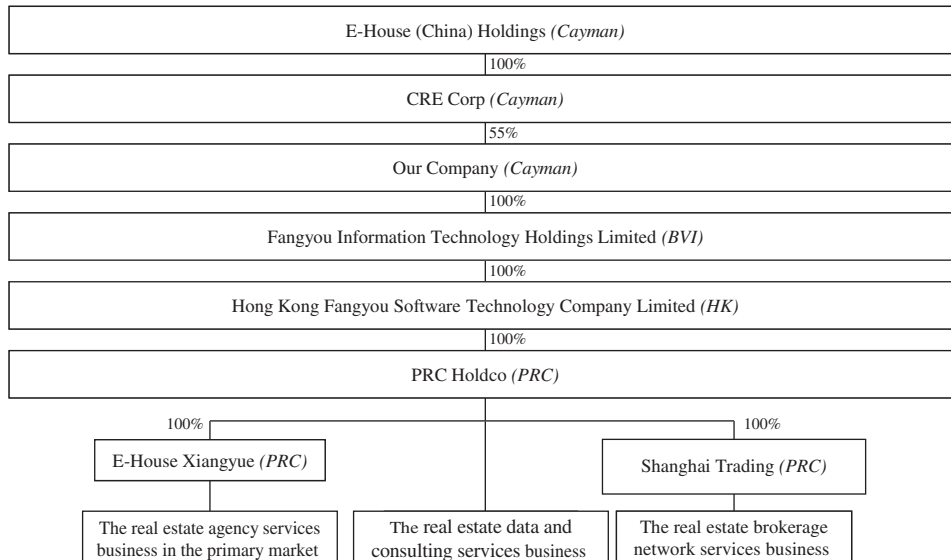
Shareholder	Consideration Paid to CRE BVI (RMB’000)	Registered Capital USD’000	%
CRE BVI	–	15,000	50.00
Zhuhai Heyuan Yingfeng Investment Centre, L.P. (珠海合源盈豐投資中心(有限合夥))	1,200,000	4,500	15.00
Shanghai Panshi Liyue Capital Partners, L.P. (上海磐石驪約投資合夥企業(有限合夥)). . . .	400,000	1,500	5.00
Shanghai Yunfeng Junran Investment Centre, L.P. (上海雲鋒均然投資中心(有限合夥))	320,000	1,200	4.00
Shenzhen Yingda Investment Funds Management Co., Ltd. (深圳市盈達投資基金管理有限公司) .	280,000	1,050	3.50
Guangzhou Wenyuan Agricultural Technology Co., Ltd. (廣州文園農業科技有限公司)	200,000	750	2.50
Tianjin Sunac Property Management Co., Ltd (融創物業服務集團有限公司)	160,000	600	2.00
Shanghai Yuanxing Yinzhi Venture Capital Partners. L.P. (上海源星胤志創業投資合夥企業 (有限合夥))	160,000	600	2.00
Zhuhai Sirui Investment Advisors, L.P. (珠海思睿投資諮詢企業(有限合夥))	160,000	600	2.00
Foshan Shunde Agile New Property Development Co., Ltd. (佛山市順德區雅新房 地產開發有限公司)	160,000	600	2.00
CIFI Group Co., Ltd. (旭輝集團股份有限公司) . .	120,000	450	1.50
Yango Group Co., Ltd. (陽光城集團股份有限 公司)	120,000	450	1.50
Henan Central China Real Estate Company Limited (河南建業住宅建設有限公司)	120,000	450	1.50
Shanghai Forte Land Co., Ltd. (復地(集團)股份 有限公司)	120,000	450	1.50
Shanghai Jincai Investment Advisory Co., Ltd. 上海錦財投資諮詢有限公司	80,000	300	1.00

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Shareholder	Consideration Paid to CRE BVI (RMB'000)	Registered Capital USD'000	%
Shanghai Ronggu Venture Capital Co., Ltd. 上海榮顧創業投資有限公司	80,000	300	1.00
Fujian Dingcheng Investment Co., Ltd. 福建鼎誠 投資有限公司	80,000	300	1.00
Tahoe Group Co., Ltd. (泰禾集團股份有限公司)	60,000	225	0.75
Henan Zensun Corporate Development Company Limited (河南正商企業發展有限責任公司) . . .	60,000	225	0.75
Suzhou Helan Investment Partners, L.P. (蘇州合嵐投資合夥企業(有限合夥))	40,000	150	0.50
Xiamen Yousheng Investment Co., Ltd. (廈門市佑盛股權投資有限公司)	40,000	150	0.50
Fujian Fusheng Group Co., Ltd. (福建福晟集團 有限公司)	40,000	150	0.50
Total.	4,000,000	30,000	100

Transfer of PRC Holdco to our Company

In preparation for the Pre-IPO Investments (described below) and the Global Offering, Captain Valley (Cayman) Limited, Country Garden (Hong Kong) Development Company Limited (碧桂園(香港)發展有限公司) and Jovial Idea Developments Limited became our Shareholders on 1 December 2017 (see the subsection headed “Pre-IPO Investments” below), and CRE BVI and the 21 Investors transferred the entire equity interest in PRC Holdco to Hong Kong Fangyou Software Technology Company Limited (a wholly-owned subsidiary of the Company) for an aggregate consideration of RMB8.8 billion. As a result, the Company indirectly held 100% equity interest in PRC Holdco, which is the holding company of the Group’s businesses, on 5 March 2018 (the date when the registration of transfer was completed) in the manner shown below:



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Save for Zhuhai Heyuan Yingfeng Investment Centre, L.P., Shanghai Panshi Liyue Capital Partners, L.P., Shanghai Yunfeng Junran Investment Centre, L.P., Shanghai Yuanxing Yinzhi Venture Capital Partners, L.P., Shanghai Jincai Investment Advisory Co., Ltd., Fujian Dingcheng Investment Co., Ltd., Henan Zensun Corporate Development Company Limited and Xiamen Yousheng Investment Co., Ltd., upon the transfer of equity interest in the PRC Holdco by the 21 Investors, the 21 Investors have reinvested to the Group as a Pre-IPO Investor either through its subsidiary or other companies associated with it, the remaining investors did not reinvest to the Group as Pre-IPO Investors due to commercial reasons and the change in our corporate structure. See subsection headed “Pre-IPO Investment” below for more details in relation to the Pre-IPO Investments and Pre-IPO Investors.

Reorganisation of certain interests in our Company

Mr. Zhou, E-House (China) Holdings, CRE Corp, Mr. Shen Nanpeng, and Smart Master International Limited (a company owned as to 50% by Mr. Shen) entered into a share exchange agreement dated 16 March 2018, pursuant to which Mr. Shen sold and transferred all 6,240,358 of his shares in E-House Holdings (representing less than 10% of the then issued share capital of E-House Holdings) to Mr. Zhou, the consideration for which was the transfer by CRE Corp of 22,892,000 Shares in our Company and the transfer by E-House (China) Holdings of 5,304,370 shares in Leju and 4,867,730 shares in Jupai, to Smart Master International Limited. Following the completion of these share transfers, as of 16 March 2018, Smart Master International Limited became a direct shareholder of our Company, and as of 23 March 2018, Mr. Shen ceased to be a direct shareholder of E-House Holdings or its subsidiaries (including our business held by PRC Holdco).

On 16 March 2018, Kanrich entered into a series of share purchase agreements, whereby Kanrich sold and transferred all 17,790,125 of its shares in E-House Holdings to On Chance for a cash consideration of HK\$593,650,000 and purchased 45,784,000 Shares in our Company from CRE Corp for a cash consideration of HK\$474,690,000. Following the completion of these transfers, Kanrich became a direct shareholder of our Company as of 16 March 2018.

On 16 March 2018, Regal Ace (a company owned as to 51% by Mr. Zhou and 49% by Mr. Shou Bainian (壽柏年), who was one of the founders and an executive director from August 2005 to April 2018 of Greentown China Holdings Limited, a company listed on the Stock Exchange with stock code 3900, and an Independent Third Party) entered into a share purchase agreement with CRE Corp, pursuant to which Regal Ace acquired 18,566,975 Shares in our Company from CRE Corp for a cash consideration of HK\$192,500,000. Such consideration has been fully settled, thus, as of 16 March 2018, Regal Ace became a direct shareholder of our Company and constituted part of our Controlling Shareholders together with Mr. Zhou and other entities wholly-owned or controlled by Mr. Zhou, namely, On Chance, Jun Heng, Kanrich, E-House Holdings, E-House (China) Holdings and CRE Corp, with a combined shareholding of 25.622% of our Shares. Additionally, given (i) the Controlling Shareholders 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, (ii) the Controlling Shareholders were the parties that exerted influence on the management of the Group during

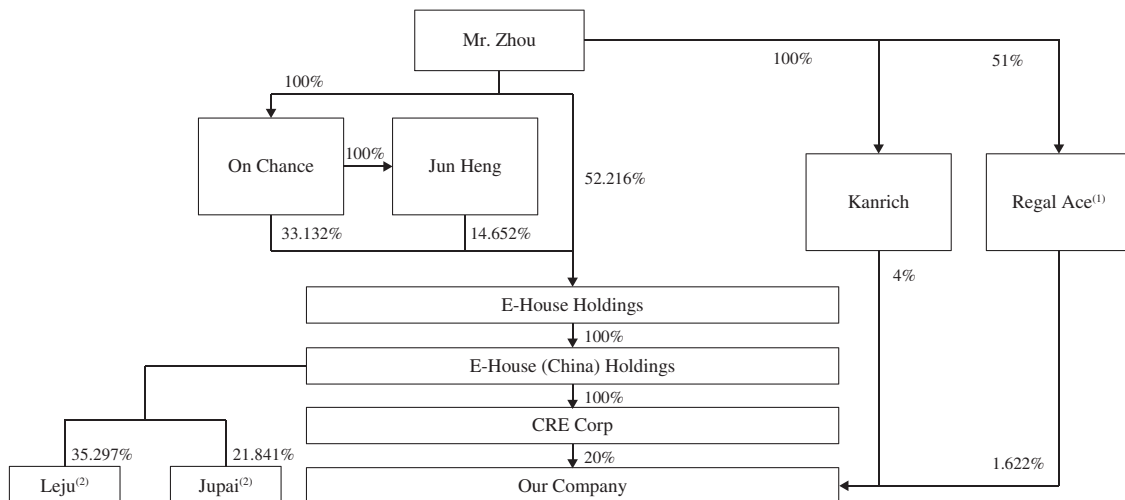
HISTORY, REORGANISATION AND CORPORATE STRUCTURE

the latest financial year and accordingly, there has not been any change in the influence on management during the latest financial year, they have constituted the Controlling Shareholders of the Company (within the definition of the Listing Rules) at least from 1 January 2017 until the Listing Date (when the Shareholders Agreement will terminate and they will cease to control the composition of the majority of the Board).

As of the Latest Practicable Date, Mr. Zhou had pledged all his equity interests in E-House (China) Holdings and CRE Corp in favor of Shanghai Pudong Development Bank Co., Ltd. (“**SPDB**”), an authorised institution as defined in the Banking Ordinance, as security for the *bona fide* commercial loan borrowed by Mr. Zhou from SPDB (the “**SPDB Loan Facility**”). Pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, Mr. Zhou (being one of our Controlling Shareholders) has undertaken to us and to the Stock Exchange that he will observe his respective obligations, including to inform us in writing from time to time the number of shares of E-House (China) Holdings and CRE Corp subject to the share pledge during the term of the SPDB Loan Facility agreement.

We will also inform the Stock Exchange as soon as we have been informed that the shares of E-House (China) Holdings and CRE Corp under such share pledge will be disposed of, and disclose such information by way of an announcement as soon as possible. Please refer to “Risk Factors – Risks Related to Our Business and Industry – Certain equity interests of our Controlling Shareholders are charged as security interests by Mr. Zhou, one of our Controlling Shareholders, pursuant to a facility agreement. A default under such facility agreement could result in enforcement of the security interests, which could materially and adversely affect Mr. Zhou’s ownership in our Group.”

Below is an illustration of our Controlling Shareholders’ interest in our Company as of the Latest Practicable Date:



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.

Recent acquisition

Acquisition of Beijing Hongju

On 6 March 2018, Shanghai Trading entered into a share transfer agreement with Ms. Rui Jun (芮軍), an Independent Third Party, pursuant to which Shanghai Trading acquired the entire shareholding interest in Beijing Hongju Real Estate Brokerage Co., Ltd. (“**Beijing Hongju**”) (北京宏居房地產經紀有限公司), a company established in the PRC on 17 April 2014, for a cash consideration of RMB300,000. The registration of transfer was completed on 12 March 2018 and all relevant regulatory approvals in respect of this transaction have been obtained in accordance with PRC Laws. Beijing Hongju is a real estate brokerage business and was acquired to enhance the quality of services provided to users of our real estate brokerage network.

Reasons for the Listing

It is considered that the fast growing real estate industry in China, together with the strategic investments by the leading real estate developers following the privatisation of E-House (China) Holdings, will provide the Company with tremendous growth opportunities. Therefore, our Directors believe that the Listing in Hong Kong would be beneficial to us and our Shareholders as a whole for the following reasons:

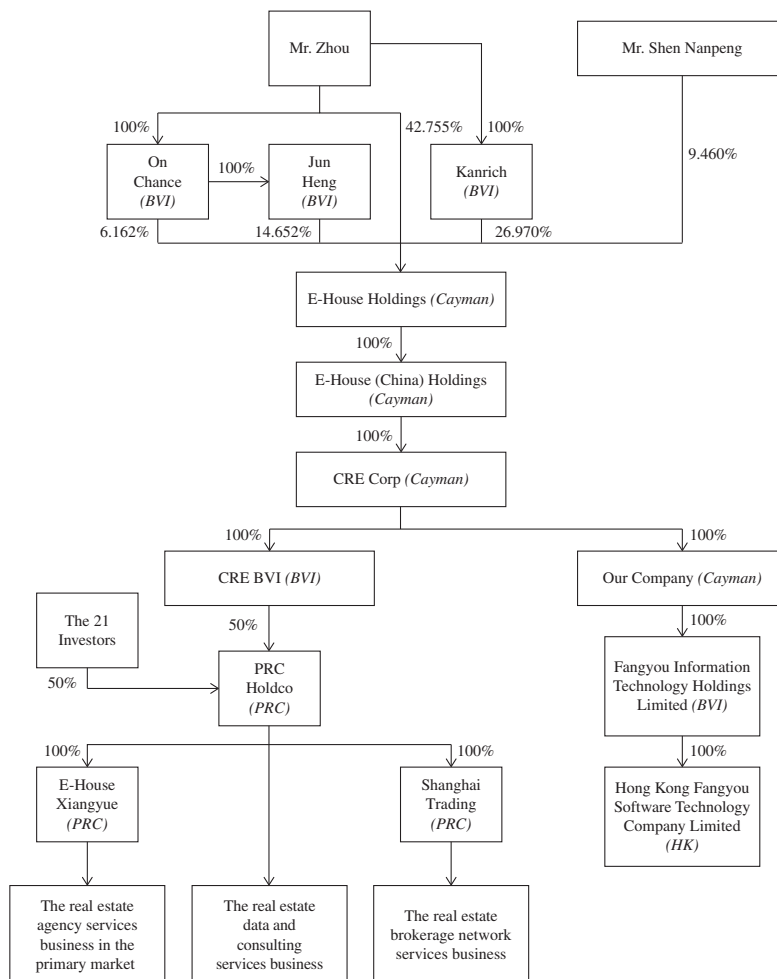
- (i) The Listing will provide a fund raising platform for our Company and allow us to raise the capital required to finance future expansion should the need arise. The Stock Exchange, as a leading player of the international financial market, serves as the ideal listing venue for us by virtue of its strong business ties with Chinese investors and business partners and its strategic position as a gateway for Chinese enterprises to access overseas markets, taking into account that we are headquartered in Shanghai, China with present operations and customers primarily based in China. The Shanghai and Shenzhen Stock Connect programme between mainland China and Hong Kong may also allow mainland investors, who are more familiar with our business and operation, to invest in us after the Listing if our Shares become eligible for such programmes.
- (ii) The Listing serves as a separate benchmark for our Shareholders and the investing public to evaluate the performance of our Group independently which could, in turn, be a performance incentive for the management of our Group.
- (iii) The Listing of our Company as an independent business unit will also make our stock-based compensation to our employees, which correlates directly to the performance of our Group’s business, more appealing and will in turn help us to attract and motivate the talents needed to support our growth and enhance our operating efficiency on an ongoing basis.
- (iv) A listing status on the Stock Exchange will further raise our business profile and thus, enhance our ability to attract new customers, business partners and strategic investors as well as to recruit, motivate and retain key management personnel for our Group’s business.

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CHANGES IN CORPORATE STRUCTURE OF E-HOUSE (CHINA) HOLDINGS AFTER ITS DELISTING

Following E-House (China) Holdings' delisting from the NYSE on 12 August 2016, there were several material changes in its corporation structure:

- (i) On 30 December 2016, E-House Holdings exercised an option pursuant to the E-House (China) Holdings Merger Agreement to repurchase all of its shares held by SINA Corporation for a consideration of 30% of the ordinary shares of Leju and a cash payment of approximately US\$129 million. Thus SINA Corporation ceased to be a shareholder of E-House Holdings or its subsidiaries (including our businesses) on 30 December 2016. As at 30 December 2016, the issued share capital of E-House Holdings was held as to 90.54% by Mr. Zhou and corporations controlled by him and as to 9.46% by Mr. Shen Nanpeng and corporations controlled by him. Below is a simplified corporate structure of E-House (China) Holdings after SINA Corporation ceased to be a shareholder of E-House Holdings or its subsidiaries on 30 December 2016:



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- (ii) As mentioned in subsection headed “Reorganisation of certain interests in our Company” above, on 16 March 2018, Mr. Zhou, E-House (China) Holdings, CRE Corp, Mr. Shen Nanpeng, and Smart Master International Limited (a company owned as to 50% by Mr. Shen) entered into a share exchange agreement, pursuant to which Mr. Shen sold and transferred all 6,240,358 of his shares in E-House Holdings (representing less than 10% of the then issued share capital of E-House Holdings) to Mr. Zhou, the consideration for which was the transfer by CRE Corp of 22,892,000 Shares in our Company and the transfer by E-House (China) Holdings of 5,304,370 shares in Leju and 4,867,730 shares in Jupai, to Smart Master International Limited. Following the completion of these share transfers, as of 16 March 2018, Smart Master International Limited became a direct shareholder of our Company, and as of 23 March 2018, Mr. Shen ceased to be a direct shareholder of E-House Holdings or its subsidiaries (including our business held by PRC Holdco).

On 16 March 2018, Kanrich entered into a series of share purchase agreements, whereby Kanrich sold and transferred all 17,790,125 of its shares in E-House Holdings to On Chance for a cash consideration of HK\$593,650,000 and purchased 45,784,000 Shares in our Company from CRE Corp for a cash consideration of HK\$474,690,000. Following the completion of these transfers, Kanrich became a direct shareholder of our Company as of 16 March 2018.

On 16 March 2018, Regal Ace (a company owned as to 51% by Mr. Zhou and 49% by Mr. Shou Bainian (壽柏年), who was one of the founders and an executive director from August 2005 to April 2018 of Greentown China Holdings Limited, a company listed on the Stock Exchange with stock code 3900, and an Independent Third Party) entered into a share purchase agreement with CRE Corp, pursuant to which Regal Ace acquired 18,566,975 Shares in our Company from CRE Corp for a cash consideration of HK\$192,500,000. Such consideration has been fully settled, thus, as of 16 March 2018, Regal Ace became a direct shareholder of our Company and constituted part of our Controlling Shareholders together with Mr. Zhou and other entities wholly-owned or controlled by Mr. Zhou, namely, On Chance, Jun Heng, Kanrich, E-House Holdings, E-House (China) Holdings and CRE Corp, with a combined shareholding of 25.622% of our Shares. Please refer to subsection headed “Reorganisation of certain interests in our Company” above for the simplified structure chart illustrating our Controlling Shareholders’ interest in our Company as of the Latest Practicable Date.

PRE-IPO INVESTMENTS

Overview

Our Company has concluded the following Pre-IPO Investments:

- (a) On 17 November 2017, each of Captain Valley (Cayman) Limited, Country Garden (Hong Kong) Development Company Limited (碧桂園(香港)發展有限公司) and Jovial Idea Developments Limited entered into share subscription agreements with our Company and share purchase agreements with CRE Corp, pursuant to which (i) they each acquired an aggregate 171,690,000 new and existing Shares at a consideration of HK\$1,781,000,000 on completion (1 December 2017); and (ii) the Company was obliged to complete HK Fangyou's acquisition of the 100% equity interests of PRC Holdco (the "**Acquisition**") prior to 30 June 2018. If the Acquisition could not complete by 30 June 2018, our Company would have been required under the respective share subscription agreements and share purchase agreements to return the total investment fund we received under these Pre-IPO Investments to each of Captain Valley (Cayman) Limited, Country Garden (Hong Kong) Development Company Limited (碧桂園(香港)發展有限公司) and Jovial Idea Developments Limited (the "**Potential Refund**"). The Acquisition was completed on 5 March 2018 (see subsection headed "Transfer of PRC Holdco to our Company" above) and in any event the obligation to complete the Acquisition or the Potential Refund would not affect the date (i.e. 1 December 2017) when Captain Valley (Cayman) Limited, Country Garden (Hong Kong) Development Company Limited (碧桂園(香港)發展有限公司) and Jovial Idea Developments Limited became the Shareholders of the Company.
- (b) Each of the following investors entered into share purchase agreements with CRE Corp pursuant to which they each acquired from CRE Corp 5,036,240 Shares at a total price of HK\$52,000,000 on completion (5 January 2018):
 - (i) Hong Kong Oeming Enterprise Management Limited and Skill Able Investments Limited on 26 December 2017; and
 - (ii) Hong Kong JunFa Property Company Limited and Hong Yuan International Holdings Limited on 2 January 2018.
- (c) Each of the following investors entered into share purchase agreements with CRE Corp pursuant to which they each acquired from CRE Corp 2,861,500 Shares at a total price of HK\$30,000,000 on completion (6 March 2018):
 - (i) Ocean Access Holdings Ltd. on 2 January 2018;
 - (ii) Rome Max Investment Limited on 30 January 2018; and
 - (iii) Prance Thrive Limited on 8 February 2018.

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- (d) On 3 February 2018, Advance Power International Limited entered into a share purchase agreement with CRE Corp pursuant to which it acquired from CRE Corp 22,892,000 Shares at a total price of HK\$246,000,000 on completion (16 March 2018).
- (e) On 16 March 2018, each of the following investors entered into share purchase agreements with CRE Corp pursuant to which they acquired from CRE Corp Shares in the following proportions at the following prices on completion (16 March 2018):
 - (i) 29,451,000 Shares to Paving Stone Holding Limited for HK\$305,360,000;
 - (ii) 24,952,280 Shares to Mr. Wong Man Chai (黃文仔) for HK\$259,000,000;
 - (iii) 22,892,000 Shares to Smart Master International Limited as part of the consideration in exchange for 6,240,358 shares in E-House Holdings;
 - (iv) 22,527,535 Shares to Dragon Power Group Holdings Limited for HK\$233,580,000;
 - (v) 20,030,500 Shares each to Great Dawn Investments Limited, Green Prosper Investments Limited, and Shining Wish Investment Limited for HK\$208,000,000 each;
 - (vi) 14,994,260 Shares each to Benefit Ocean Limited (潤洋有限公司), Foruis (BVI) Limited, Precise Wish Limited (騰福有限公司), and Spectron Enterprises Limited for HK\$155,500,000 each;
 - (vii) 9,958,020 Shares each to Dingxin Company Limited, Everland Development Limited (恒地發展有限公司), and to Zhenro International Limited for HK\$103,000,000 each;
 - (viii) 7,497,130 Shares each to JOY TOWN INC. and THAIHOT Group Development Company Limited for HK\$78,000,000 each;
 - (ix) 5,036,240 Shares each to Faithful Gem Limited, HK Fortune Fate Int'l Investment Limited, and Matrix Harvest Limited (同新有限公司) for HK\$52,000,000 each; and
 - (x) 4,769,170 Shares to Grande Worldwide Enterprises Investment Limited for HK\$50,000,000.

The consideration for the Pre-IPO Investments was determined after arm's length negotiations between our Company, CRE Corp and the Pre-IPO Investors after taking into consideration the timing of the investments and the status of our business and operating entities.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Principal terms of the Pre-IPO Investments

The below table summarises the principal terms of the Pre-IPO Investments:

Name of Pre-IPO Investor	Date of investment	Total consideration (HK\$ million)	Cost per share paid (HK\$)	Date on which investment was fully settled	Discount to the Offer Price ⁽¹⁾
Captain Valley (Cayman) Limited	17 November 2017	1,781	10.37	7 December 2017	35.3%
Country Garden (Hong Kong) Development Company Limited ⁽²⁾	17 November 2017	1,781	10.37	7 December 2017	35.3%
Jovial Idea Developments Limited	17 November 2017	1,781	10.37	7 December 2017	35.3%
Hong Kong Oeming Enterprise Management Limited.	26 December 2017	52	10.33	10 January 2018	35.6%
Skill Able Investments Limited	26 December 2017	52	10.33	11 January 2018	35.6%
Hong Kong JunFa Property Company Limited	2 January 2018	52	10.33	9 January 2018	35.6%
Hong Yuan International Holdings Limited.	2 January 2018	52	10.33	19 January 2018	35.6%
Ocean Access Holdings Limited	2 January 2018	30	10.48	2 March 2018	34.6%
Rome Max Investment Limited	30 January 2018	30	10.48	8 March 2018	34.6%
Advance Power International Limited	3 February 2018	246	10.75	21 March 2018	32.9%
Prance Thrive Limited	8 February 2018	30	10.48	1 March 2018	34.6%
Paving Stone Holding Limited	16 March 2018	305.36	10.37	21 March 2018	35.3%
Mr. Wong Man Chai	16 March 2018	259	10.38	27 March 2018	35.2%
Smart Master International Limited	16 March 2018	237.46	10.37	16 March 2018	35.3%
Dragon Power Group Holdings Limited	16 March 2018	233.58	10.37	21 March 2018	35.3%
Great Dawn Investments Limited	16 March 2018	208	10.38	16 March 2018	35.2%
Green Prosper Investments Limited	16 March 2018	208	10.38	20 March 2018	35.2%
Shining Wish Investment Limited	16 March 2018	208	10.38	21 March 2018	35.2%
Benefit Ocean Limited	16 March 2018	155.5	10.37	20 March 2018	35.3%
Foruis (BVI) Limited.	16 March 2018	155.5	10.37	19 March 2018	35.3%
Precise Wish Limited.	16 March 2018	155.5	10.37	20 March 2018	35.3%
Spectron Enterprises Limited.	16 March 2018	155.5	10.37	19 March 2018	35.3%
Dingxin Company Limited	16 March 2018	103	10.34	20 March 2018	35.5%

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Name of Pre-IPO Investor	Date of investment	Total consideration (HK\$ million)	Cost per share paid (HK\$)	Date on which investment was fully settled	Discount to the Offer Price ⁽¹⁾
Everland Development Limited	16 March 2018	103	10.34	21 March 2018	35.5%
Zhenro International Limited	16 March 2018	103	10.34	20 March 2018	35.5%
Joy Town Inc.	16 March 2018	78	10.40	23 March 2018	35.1%
THAIHOT Group Development Company Limited	16 March 2018	78	10.40	20 March 2018	35.1%
Faithful Gem Limited	16 March 2018	52	10.33	22 March 2018	35.6%
HK Fortune Fate Int'l Investment Limited.	16 March 2018	52	10.33	23 March 2018	35.6%
Matrix Harvest Limited	16 March 2018	52	10.33	23 March 2018	35.6%
Grande Worldwide Enterprises Investment Limited.	16 March 2018	50	10.48	21 March 2018	34.6%

Notes:

- (1) Assuming the Offer Price is fixed at HK\$16.03, being the mid-point of the Offer Price Range, based on 1,467,436,000 Shares in issue immediately upon completion of the Global Offering, and assuming the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised and no options are granted under the Post-IPO Share Option Scheme.
- (2) Pursuant to the agreements between Country Garden (Hong Kong) Development Company Limited and each of CRE Corp and our Company signed on 17 November 2017, the Shares held by Country Garden (Hong Kong) Development Company Limited were initially held by its wholly-owned subsidiary, Heyday Surge Limited, between 1 December 2017 and 5 January 2018. On 5 January 2018, these Shares were transferred from Heyday Surge Limited to Country Garden (Hong Kong) Development Company Limited.

Use of proceeds from the Pre-IPO Investments	We utilised the proceeds from the Pre-IPO Investments to finance the purchase of part of the shareholding in PRC Holdco. As of the Latest Practicable Date, all the net proceeds from the Pre-IPO Investments had been utilised.
Lock-up	Any equity securities of the Company held by the Pre-IPO Investors (save for Captain Valley (Cayman) Limited, Country Garden (Hong Kong) Development Company Limited, Jovial Idea Developments Limited and Dragon Power Group Holdings Limited) will be subject to a lock-up period of six months from the Listing Date. Equity securities of the Company held by Captain Valley (Cayman) Limited, Country Garden (Hong Kong) Development Company Limited, and Jovial Idea Developments Limited will be subject to a lock-up period of one year from the Listing Date.
Strategic benefits of the Pre-IPO Investors brought to our Company	Our Directors were of the view that our Company would benefit from the additional capital provided by the Pre-IPO Investments, the Pre-IPO Investors' knowledge and experience, and the endorsement of our Company's performance, strength and prospects reflected by their Pre-IPO Investments.

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Special rights of the Pre-IPO Investors

In addition to the terms described above, the Shareholders' Agreement was entered into, pursuant to which certain shareholder rights were agreed among the parties:

Control of a majority of the Board prior to Listing	CRE Corp shall be entitled to appoint four executive Directors to the Board, which consists of seven Directors in total, thereby having the right to control the composition of a majority of the Board prior to Listing.
Right to elect director and participation in Board	Each of Vanke (through Captain Valley (Cayman) Limited), Country Garden (through Country Garden (Hong Kong) Development Company Limited) and Evergrande (through Jovial Idea Developments Limited) shall be entitled to appoint one non-executive Director to the Board.
Prior consent for certain corporate actions	Any corporate action that, under the laws of the Cayman Islands, is required to be approved by shareholders resolution (whether by special or ordinary resolution) (the " Reserved Matters ") shall be approved only by a super-majority, namely 80% of eligible voting by the Shareholders (including the Pre-IPO Investors) prior to Listing.
No revocation of Board decisions	Prior to Listing, the Shareholders (including the Pre-IPO Investors) shall not take any actions of any nature to revoke any decision of the Board except for the Reserved Matters.

The shareholder rights granted under the Shareholders' Agreement will be automatically terminated upon Listing. No special rights granted to the Pre-IPO Investors will survive after the Listing, in compliance with Guidance Letter HKEX-GL43-12 issued by the Stock Exchange in October 2012 and as updated in July 2013 and March 2017.

Public float

Upon the completion of the Global Offering (assuming the Over-allotment Option and any options granted under the Pre-IPO Share Option Scheme are not exercised and no options are granted under the Post-IPO Share Option Scheme), CRE Corp, Captain Valley (Cayman) Limited, Country Garden (Hong Kong) Development Company Limited, and Jovial Idea Developments Limited will each control or hold in excess of 10% of the issued Shares. They will each be a substantial Shareholder of our Company upon Listing and the Shares they hold will accordingly not be considered as part of the public float. Kanrich and Regal Ace, companies owned by Mr. Zhou as to 100% and 51%, respectively, and Advance Power International Limited, a company wholly-owned by Mr. Xia Hai Jun, will each be a close associate of a Director of our Company upon Listing and therefore will not be considered as part of the public float.

The Shares held by other Pre-IPO Investors will constitute part of the public float.

Information on the Pre-IPO Investors

Save as disclosed below and other than their shareholding interest in our Company as disclosed in this document, our Pre-IPO Investors and their respective ultimate beneficial owners are independent from our Group and connected persons of our Company.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Captain Valley (Cayman) Limited is an indirectly wholly-owned subsidiary of Vanke (萬科企業股份有限公司), a company listed on the Stock Exchange with stock code 2202 and the Shenzhen Stock Exchange with stock code 000002, respectively. Vanke and its subsidiaries' core businesses include real estate development and property services and are expanding its businesses related to life services. As of the date of this document, Captain Valley (Cayman) Limited holds a 15% equity interest in our Company. Mr. Zhu Jiusheng is a non-executive Director of our Company nominated by Captain Valley (Cayman) Limited.

Country Garden (Hong Kong) Development Company Limited is a wholly-owned subsidiary of Smart World Development Holdings Ltd, itself a wholly-owned subsidiary of Country Garden, a company listed on the Stock Exchange with stock code 2007. Country Garden is an investment holding company and its subsidiaries are principally engaged in real estate development, construction, property management and hotel operation in the PRC. As of the date of this document, Country Garden (Hong Kong) Development Company Limited holds a 15% equity interest in our Company. Mr. Mo Bin is a non-executive Director of our Company nominated by Country Garden (Hong Kong) Development Company Limited.

Jovial Idea Developments Limited is a subsidiary of Evergrande (中國恒大集團) (formerly known as Evergrande Real Estate Group Limited 恒大地產集團有限公司), a company listed on the Stock Exchange with stock code 3333. Evergrande and its subsidiaries are principally engaged in real estate development, real estate investment, property management, real estate construction, hotel operations, internet business, health industry business and investment business in the PRC. As of the date of this document, Jovial Idea Developments Limited holds a 15% equity interest in our Company. Mr. Xia Hai Jun is a non-executive Director of our Company nominated by Jovial Idea Developments Limited.

Paving Stone Holding Limited is an investment holding company controlled by Mr. Zhuo Fumin (an Independent Third Party) and is incorporated in the British Virgin Islands. As of the date of this document, Paving Stone Holding Limited holds a 2.573% equity interest in our Company.

Mr. Wong Man Chai (黃文仔), an Independent Third Party, is a director and the board chairman of Guangzhou Star River Real Estate Development Co., Ltd. (廣州星河灣實業發展有限公司), a real estate construction company based in Guangzhou, China primarily engaged in luxury apartment real estate development. As of the date of this document, Mr. Wong Man Chai holds a 2.18% equity interest in our Company.

Advance Power International Limited is an investment holding company wholly-owned by Mr. Xia Hai Jun, a non-executive Director of our Company. See the section headed "Directors and Senior Management – Directors" for the biography of Mr. Xia. Advance Power International Limited is a company incorporated in the British Virgin Islands. As of the date of this document, Advance Power International Limited holds a 2% equity interest in our Company.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Smart Master International Limited, incorporated in the British Virgin Islands, is an investment holding company owned as to 50% by Mr. Shen Nanpeng and as to 50% by Ms. Jingxin Yong (spouse of Mr. Shen Nanpeng and an Independent Third Party). As of the date of this document, Smart Master International Limited holds a 2% equity interest in our Company. Mr. Shen is a global managing partner of Sequoia Capital and the founding and managing partner of Sequoia Capital China. He was previously a shareholder of E-House Holdings until he sold all his shares in E-House Holdings to Mr. Zhou on 16 March 2018. For details of the share exchange, please see the subsection headed “– Our Corporate Reorganisation – Reorganisation of certain interests in our Company”.

Dragon Power Group Holdings Limited, an investment holding company owned as to 50% by Mr. Li San Yim and as to 50% by Ms. Ngai Ngan Ying (both Independent Third Parties), is a company incorporated in the British Virgin Islands. Mr. Li San Yim is an executive director of, and Ms. Ngai Ngan Ying is a non-executive director of, Lonking Holdings Limited, a company listed on the Stock Exchange with stock code 3339. As of the date of this document, Dragon Power Group Holdings Limited holds a 1.968% equity interest in our Company.

Great Dawn Investments Limited is a wholly-owned subsidiary of Eastern Supreme Group Holdings Limited, itself a wholly owned subsidiary of Agile Group Holdings Limited, a company listed on the Stock Exchange with stock code 3383. Agile Group Holdings Limited is principally engaged in the development of large-scale mixed-use real estate projects, with presence in the businesses of property management hotel operations, real estate investment, environment protection and construction. As of the date of this document, Great Dawn Investments Limited holds a 1.75% equity interest in our Company.

Green Prosper Investments Limited, a company wholly-owned by Mr. Li Sze Lim (an Independent Third Party), is a company incorporated in the British Virgin Islands with investment holding as its main business. Mr. Li Sze Lim is the board chairman and executive director of Guangzhou R&F Properties Co., Ltd., a company listed on the Stock Exchange with stock code 2777. Guangzhou R&F Properties Co., Ltd. is principally engaged in mass residential real estate development on a variety of scales, as well as the development of hotels, office buildings and shopping malls. As of the date of this document, Green Prosper Investments Limited holds a 1.75% equity interest in our Company.

Shining Wish Investment Limited is an indirectly wholly-owned subsidiary of Sunac China Holdings Limited, a company listed on the Stock Exchange with stock code 1918. Sunac China Holdings Limited focuses on high-end real estate development and management business. As of the date of this document, Shining Wish Investment Limited holds a 1.75% equity interest in our Company.

Spectron Enterprises Limited is a wholly-owned subsidiary of Xu Sheng Limited, itself a wholly-owned subsidiary of CIFI Holdings (Group) Co. Ltd., a company listed on the Stock Exchange with stock code 884. CIFI Holdings (Group) Co. Ltd. and its subsidiaries are principally engaged in the real estate development and real estate investment business in the PRC. As of the date of this document, Spectron Enterprises Limited holds a 1.31% equity interest in our Company.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Benefit Ocean Limited 潤洋有限公司 is a wholly-owned subsidiary of Shanghai Weizhibo Medical Investment Management Co., Ltd. (上海威至博醫療投資管理有限公司), itself a wholly-owned subsidiary of Yango Group Co., Ltd., a company listed on the Shenzhen Stock Exchange with stock code 000671. Yango Group Co., Ltd. is principally engaged in the development and sale of real estate properties. As of the date of this document, Benefit Ocean Limited holds a 1.31% equity interest in our Company.

Foruis (BVI) Limited is a wholly-owned subsidiary of Fosun Property Holdings Limited, itself a wholly-owned subsidiary of Fosun International Ltd., a company listed on the Stock Exchange with stock code 656. Fosun International Ltd. is a company incorporated in Hong Kong with its principal business to create customer-to-maker (C2M) ecosystems in three main areas, namely health, happiness and wealth, by providing products and services to families. As of the date of this document, Foruis (BVI) Limited holds 1.31% equity interest in our Company.

Precise Wish Limited is an indirectly wholly-owned subsidiary of Central China Real Estate Limited, a company listed on the Stock Exchange with stock code 832. Central China Real Estate Limited is mainly engaged in the real estate development and sales in Henan Province of the PRC. As of the date of this document, Precise Wish Limited holds a 1.31% equity interest in our Company.

Dingxin Company Limited is a wholly-owned subsidiary of Honesty Global Holdings Limited, itself wholly-owned by TMF (Cayman) Ltd., the trustee of the Ou Family Trust (歐式家族信託). The beneficiaries of the Ou Family Trust are Mr. Ou Zonghong (歐宗洪) and Mrs. Ou, Ms. Xu Lixiang (許麗香). Mr. Ou Zonghong is the board chairman, director and chief executive officer of Ronshine China Holdings Limited, a company listed on the Stock Exchange with stock code 3301. Ronshine China Holdings Limited is primarily engaged in the development of real estate properties in China, with a focus on mid-to-high end residential and commercial properties in the Western Taiwan Straits Economic Zone and selected first and second tier cities in the PRC. As of the date of this document, Dingxin Company Limited holds a 0.87% equity interest in our Company.

Everland Development Limited is an indirectly wholly-owned subsidiary of Powerlong Real Estate Holdings Limited, a company listed on the Stock Exchange with stock code 1238. Powerlong Real Estate Holdings Limited together with its subsidiaries is a leading real estate developer in the PRC specialising in the development and operation of integrated commercial and residential complexes. As of the date of this document, Everland Development Limited holds a 0.87% equity interest in our Company.

Zhenro International Limited is a wholly-owned subsidiary of Zhenro Properties Group Limited, a company listed on the Stock Exchange with stock code 6158. Zhenro Properties Group Limited together with its subsidiaries is a comprehensive real estate developer in Mainland China focusing on the development of residential properties and the development, operation and management of commercial and mixed-properties. As of the date of this document, Zhenro International Limited holds a 0.87% equity interest in our Company.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Joy Town Inc. is an investment holding company wholly-owned by Ms. Huang Yanping (an Independent Third Party) and is incorporated in the British Virgin Islands. As of the date of this document, Joy Town holds a 57.95% equity interest in ZH International Holdings Ltd., a company listed on the Stock Exchange with stock code 185. ZH International Holdings Ltd. together with its subsidiaries principally engage in real estate development, property investment and management, hotel operations and securities trading and investment. As of the date of this document, Joy Town Inc. holds a 0.655% equity interest in our Company.

THAIHOT Group Development Company Limited is a wholly-owned subsidiary of THAIHOT Group (Hong Kong) Company Limited, itself a wholly-owned subsidiary of Tahoe Group Co., Ltd. (泰禾集團股份有限公司), a company listed in the Shenzhen Stock Exchange with stock code 000732. Tahoe Group Co., Ltd. primarily engages in real estate development and management, hotel management, property management, and provision of financial information and business management consulting services. As of the date of this document, THAIHOT Group Development Company Limited holds a 0.655% equity interest in our Company.

Faithful Gem Limited is a wholly-owned subsidiary of Natural Apex Limited, itself a wholly-owned subsidiary of Jingrui Holdings Limited, a company listed on the Stock Exchange with stock code 1862. The primary business of Jingrui Holdings Limited is the real estate development business in the Yangtze River Delta region of China. As of the date of this document, Faithful Gem Limited holds a 0.44% equity interest in our Company.

HK Fortune Fate Int'l Investment Limited, a company wholly-owned by Mr. Tang Kwok Hung (an Independent Third Party), is incorporated in Hong Kong operating primarily in the investment holding business. Mr. Tang Kwok Hung is an executive director of Fullsun International Holdings Group Co., Limited, a company listed on the Stock Exchange with stock code 627. Fullsun International Holdings Group Co., Limited primarily engages in real estate development activities in Changsha. As of the date of this document, HK Fortune Fate Int'l Investment Limited holds a 0.44% equity interest in our Company.

Hong Kong JunFa Property Company Limited, incorporated in Hong Kong, is a company indirectly wholly owned by Mr. Li Man Bun (an Independent Third Party). Hong Kong JunFa Property Company Limited holds 100% of the shares in JunFa Group Co., Ltd. (俊發集團有限公司), which is a company providing a variety of real estate development, construction engineering, road and bridge construction, property service, business and hotel operations, automobile sales and other related businesses. As of the date of this document, Hong Kong JunFa Property Company Limited holds a 0.44% equity interest in our Company.

Hong Kong Oeming Enterprise Management Limited, a company incorporated in Hong Kong, is indirectly wholly-owned by Sinic Real Estate Co., Ltd. (新力地產有限公司), which is itself indirectly wholly owned by Mr. Zhang Yuanlin and Ms. Wu Chengping (both Independent Third Parties) as to 99% and 1% respectively. Sinic Real Estate Co., Ltd. is a company that primarily engages in real estate development and sales. As of the date of this document, Hong Kong Oeming Enterprise Management Limited holds a 0.44% equity interest in our Company.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Hong Yuan International Holdings Limited is an investment holding company wholly-owned by Ms. Zhu Guoling (an Independent Third Party) and is incorporated in Hong Kong. Ms. Zhu Guoling is a director of Xiangsheng Real Property Group Co., Ltd. (祥生實業集團有限公司), a company which engages in a variety of real estate, construction and building installation, hotel management, tourism and other related services. As of the date of this document, Hong Yuan International Holdings Limited holds a 0.44% equity interest in our Company.

Matrix Harvest Limited, a company wholly-owned by an Mr. Xiao Zhong (an Independent Third Party), is incorporated in Hong Kong with investment holding as its main business. Mr. Xiao Zhong is a non-executive director of Sansheng Holdings Group Co., Ltd., a company listed on the Stock Exchange with stock code 2183. Sansheng Holdings Group Co., Ltd. primarily engages in commercial real estate development and management. As of the date of this document, Matrix Harvest Limited holds a 0.44% equity interest in our Company.

Skill Able Investments Limited is a wholly-owned subsidiary of Affluent Way International Limited, itself a wholly owned subsidiary of China SCE Property Holdings Limited, a company listed on the Stock Exchange with stock code 1966. China SCE Property Holdings Limited is principally engaged in real estate development, property investment and property management in the PRC. As of the date of this document, Skill Able Investments Limited holds a 0.44% equity interest in our Company.

Grande Worldwide Enterprises Investment Limited is an investment holding company wholly-owned by Ms. Jiang Mei (an Independent Third Party) and is incorporated in the British Virgin Islands. As of the date of this document, Grande Worldwide Enterprises Investment Limited holds a 0.417% equity interest in our Company.

Ocean Access Holdings Limited is an indirect wholly-owned subsidiary of Yuzhou Properties Company Limited, a company listed on the Stock Exchange with stock code 1628. Yuzhou Properties Company Limited's primary business is investment holding and engages in the investment, development and management of real estate properties. As of the date of this document, Ocean Access Holdings Limited holds a 0.25% equity interest in our Company.

Prance Thrive Limited is an investment holding company wholly-owned by Mr. Kei Hoi Pang (an Independent Third Party) and is incorporated in the British Virgin Islands. Mr. Kei Hoi Pang is the board chairman and an executive director of Logan Property Holdings Company Limited, a company listed on the Stock Exchange with stock code 3380. Logan Property Holdings Company Limited is a real estate developer which primarily engages in residential real estate development in Guangdong and Hong Kong. As of the date of this document, Prance Thrive Limited holds a 0.25% equity interest in our Company.

Rome Max Investment Limited is an indirect wholly-owned subsidiary of 江蘇中南建設集團股份有限公司 (Jiangsu Zhongnan Construction Group Co., Ltd.), a company listed on the Shenzhen Stock Exchange with stock code 000961. Jiangsu Zhongnan Construction Group Co., Ltd. is primarily engaged in real estate development and construction businesses in China. As of the date of this document, Rome Max Investment Limited holds a 0.25% equity interest in our Company.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Compliance with Stock Exchange guidance

On the basis that (i) the consideration for the Pre-IPO Investments was settled more than 28 clear days before the date of our first submission of the listing application form to the Listing Division of the Stock Exchange in relation to the Listing and (ii) all special rights granted to the Pre-IPO Investors will automatically terminate upon Listing, the Joint Sponsors are of the view that the Pre-IPO Investments are in compliance with the Interim Guidance on Pre-IPO Investments Guidance Letter HKEX-GL29-12 issued by the Stock Exchange in January 2012, as updated in March 2017, the Guidance Letter HKEX-GL43-12 issued by the Stock Exchange in October 2012 and as updated in July 2013 and March 2017 and the Guidance Letter HKEX-GL44-12 issued by the Stock Exchange in October 2012 and as updated in March 2017.

Capitalisation of our Company

The below table is a summary of the capitalisation of our Company as of the date of this document:

Shareholders (including Pre-IPO Investors)	Ordinary Shares	Ownership percentage as of the date of this document	Ownership percentage immediately after the completion of the Global Offering ⁽¹⁾
CRE Corp ⁽²⁾	228,920,000	20.000%	15.600%
Captain Valley (Cayman) Limited	171,690,000	15.000%	11.700%
Country Garden (Hong Kong) Development Company Limited	171,690,000	15.000%	11.700%
Jovial Idea Developments Limited	171,690,000	15.000%	11.700%
Kanrich ⁽²⁾	45,784,000	4.000%	3.120%
Paving Stone Holding Limited	29,451,000	2.573%	2.007%
Mr. Wong Man Chai (黃文仔)	24,952,280	2.180%	1.700%
Advance Power International Limited ⁽³⁾	22,892,000	2.000%	1.560%
Smart Master International Limited	22,892,000	2.000%	1.560%
Dragon Power Group Holdings Limited.	22,527,535	1.968%	1.535%
Great Dawn Investments Limited.	20,030,500	1.750%	1.365%
Green Prosper Investments Limited	20,030,500	1.750%	1.365%
Shining Wish Investment Limited	20,030,500	1.750%	1.365%
Regal Ace ⁽²⁾	18,566,975	1.622%	1.265%
Spectron Enterprises Limited	14,994,260	1.310%	1.022%
Benefit Ocean Limited (潤洋有限公司)	14,994,260	1.310%	1.022%
Foruis (BVI) Limited	14,994,260	1.310%	1.022%
Precise Wish Limited (騰福有限公司)	14,994,260	1.310%	1.022%
Dingxin Company Limited.	9,958,020	0.870%	0.679%
Everland Development Limited	9,958,020	0.870%	0.679%
Zhenro International Limited	9,958,020	0.870%	0.679%
Joy Town Inc.	7,497,130	0.655%	0.511%
THAIHOT Group Development Company Limited	7,497,130	0.655%	0.511%
Faithful Gem Limited.	5,036,240	0.440%	0.343%
HK Fortune Fate Int'l Investment Limited	5,036,240	0.440%	0.343%
HK JunFa Property Co, Ltd..	5,036,240	0.440%	0.343%
Hong Kong Oeming Enterprise Management Ltd.	5,036,240	0.440%	0.343%
Hong Yuan International Holdings Ltd	5,036,240	0.440%	0.343%
Matrix Harvest Limited (同新有限公司)	5,036,240	0.440%	0.343%
Skill Able Investments Ltd.	5,036,240	0.440%	0.343%
Grande Worldwide Enterprises Investment Limited	4,769,170	0.417%	0.325%
Ocean Access Holdings Limited	2,861,500	0.250%	0.195%
Prance Thrive Limited (躍盛有限公司)	2,861,500	0.250%	0.195%
Rome Max Investment Limited	2,861,500	0.250%	0.195%
Other public Shareholders	—	—	22.000%
Total	1,144,600,000	100%	100%

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Notes:

- (1) *Assuming the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised and no grants of options will be made under the Post-IPO Share Option Scheme.*
- (2) *CRE Corp, Kanrich and Regal Ace are core connected persons of the Company pursuant to Rule 1.01 of the Listing Rules, as they are close associates of Mr. Zhou. Please see the section headed “Directors and Senior Management – Director – Executive Directors” for details of Mr. Zhou’s biography.*
- (3) *Advance Power International Limited is a core connected person of the Company pursuant to Rule 1.01 of the Listing Rules, as it is a close associate of Mr. Xia Hai Jun. Please see the section headed “Directors and Senior Management – Director – Non-Executive Directors” for details of Mr. Xia Hai Jun’s biography.*

COMPLIANCE WITH PRC LAWS

Our PRC Legal Adviser has confirmed that the PRC companies in our Group as described in this section have been duly established and all regulatory approvals and permits in respect of the incorporation and changes in the shareholdings of the PRC companies have been obtained in accordance with PRC Laws.

M&A Rules

Under the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “**M&A Rules**”) jointly issued by the MOFCOM, the SASAC, the SAT, the CSRC, SAIC and the SAFE on 8 August 2006, effective as of 8 September 2006 and amended on 22 June 2009, a foreign investor is required to obtain necessary approvals when:

- (i) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise;
- (ii) subscribes the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise;
- (iii) establishes a foreign-invested enterprise through which it purchases the assets of a domestic enterprise and operates these assets; or
- (iv) purchases the assets of a domestic enterprise, and then invests such assets to establish a foreign invested enterprise.

The M&A Rules, among other things, further purport to require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange, especially in the event that the special purpose vehicle acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

As advised by our PRC Legal Adviser, the acquisition of PRC Holdco by Hong Kong Fangyou Software Technology Co. Ltd. was subject to the Provisions for the Alteration of Investors' Equities in Foreign-funded Enterprises (《外商投資企業投資者股權變更的若干規定》) rather than the M&A Rules, because the target, PRC Holdco, was a Sino-foreign joint venture. Accordingly, the acquisition set forth above is not subject to approval from MOFCOM under the M&A Rules and our listing on the Stock Exchange is not subject to prior approval from CSRC under the M&A Rules.

SAFE registration in China

Pursuant to the Circular of the SAFE on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外融資及返程投資外匯管理有關問題的通知》) (the “**SAFE Circular 37**”), promulgated by SAFE on 4 July 2014, and which replaced the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Corporate Financing and Roundtrip Investment Through Offshore Special Purpose Vehicles (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》) (the “**SAFE Circular 75**”):

- (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the “**Overseas SPV**”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing; and
- (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change in respect of the Overseas SPV, including, among other things, a change of Overseas SPV's PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV's capital, share transfer or swap, and merger or division.

Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties.

Pursuant to the Circular of the SAFE on Further Simplification and Improvement in Foreign Exchange Administration on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the “**SAFE Circular 13**”), promulgated by SAFE and became effective on 1 June 2015, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interest in the domestic entity was located.

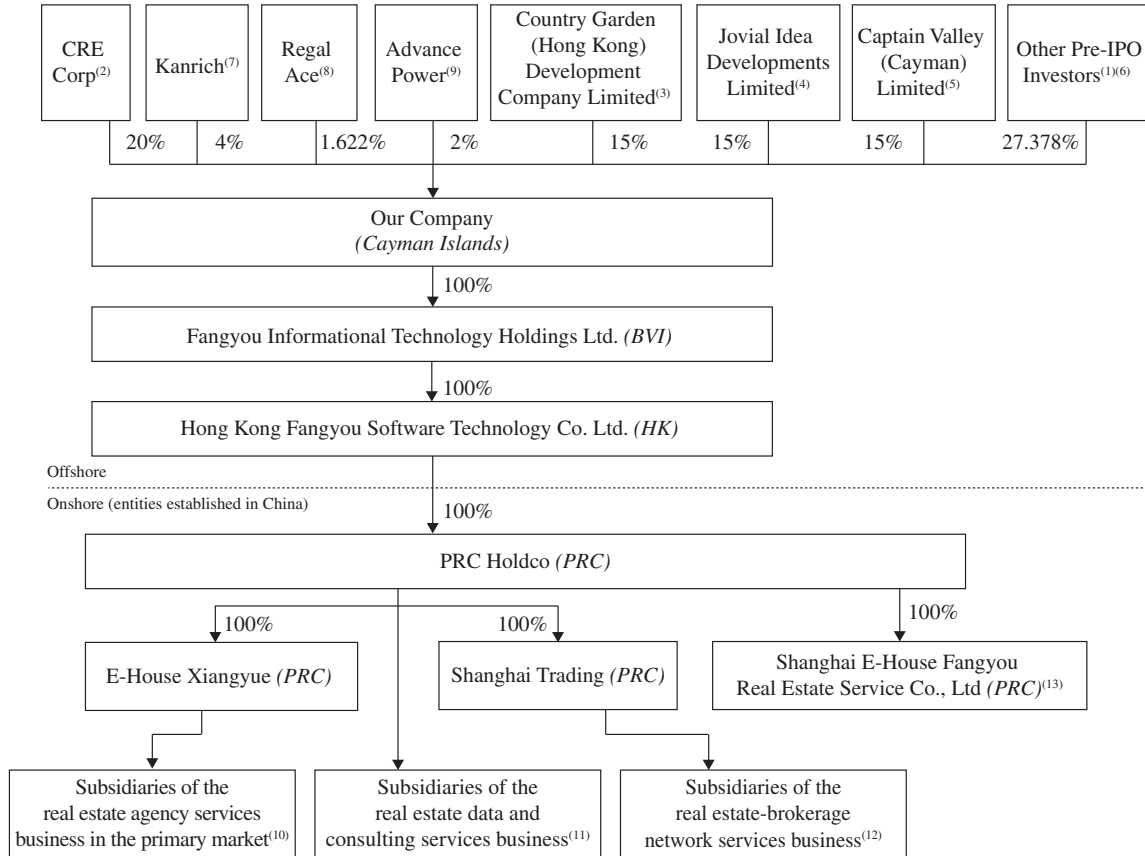
As advised by our PRC Legal Adviser, Mr. Zhou is not required to make the relevant PRC residents SAFE registration with the local SAFE branch under the SAFE Circular 37.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

Corporate structure before the Global Offering

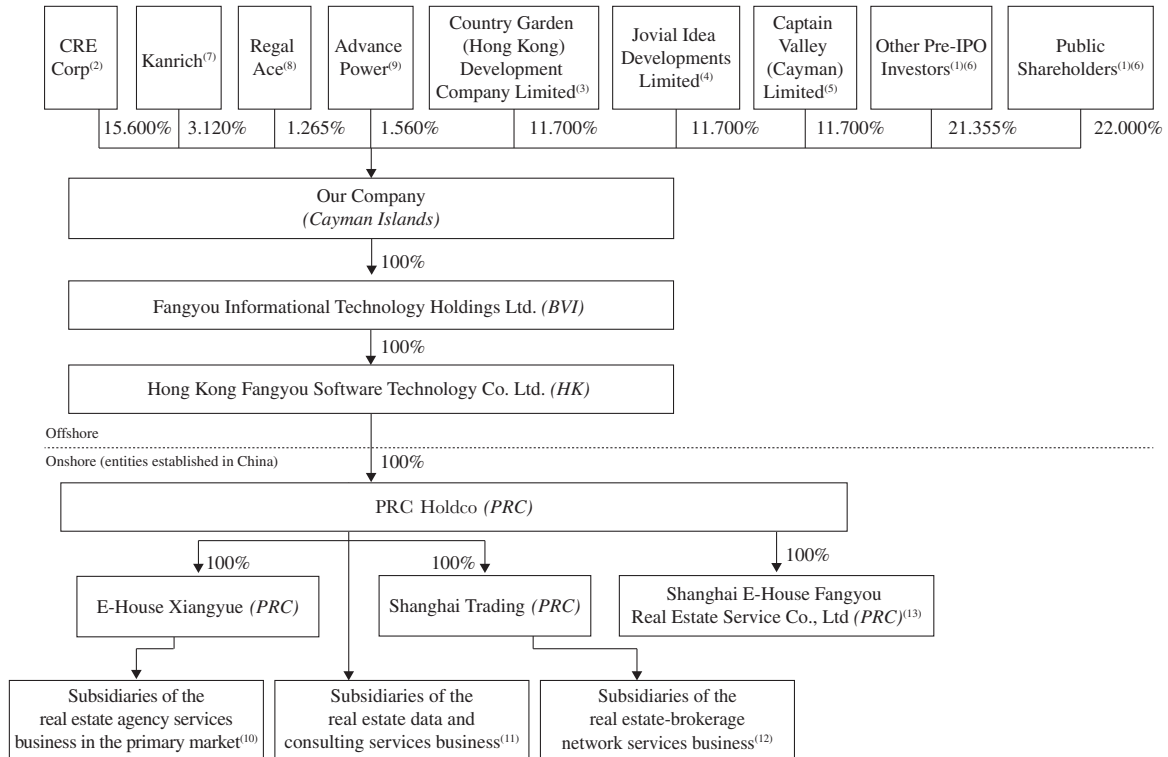
The following diagram is a simplified illustration of the corporate and shareholding structure of our Group immediately prior to completion of the Global Offering (assuming the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised and no options are granted under the Post-IPO Share Option Scheme):



HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Corporate structure immediately following the Global Offering

The following diagram is a simplified illustration of the corporate and shareholding structure of our Group immediately following the completion of the Global Offering (assuming the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised and no options are granted under the Post-IPO Share Option Scheme):



Notes:

- (1) These Shares will count towards the public float upon Listing.
- (2) CRE Corp is a wholly-owned subsidiary of E-House (China) Holdings, itself a wholly-owned subsidiary of E-House Holdings. E-House Holdings is held as to 33.13% by On Chance, 14.65% by Jun Heng and 52.22% by Mr. Zhou. Each of On Chance and Jun Heng are in turn wholly-owned by Mr. Zhou.
- (3) Country Garden (Hong Kong) Development Company Limited is a wholly-owned subsidiary of Smart World Development Holdings Ltd, itself a wholly-owned subsidiary of Country Garden.
- (4) Jovial Idea Developments Limited is indirectly owned as to 63.46% by Evergrande.
- (5) Captain Valley (Cayman) Limited is an indirectly wholly-owned subsidiary of Vanke.
- (6) See the subsection headed "Information on the Pre-IPO Investors" for details of the remaining Pre-IPO Investors and their individual interests in our Company.
- (7) Kanrich is wholly-owned by Mr. Zhou.
- (8) Regal Ace is held as to 51% by Mr. Zhou and 49% by Mr. Shou Bainian (壽柏年).
- (9) Advance Power is wholly-owned by Mr. Xia Hai Jun.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

(10) *The real estate agency business in the primary market includes the following subsidiaries established in China (each wholly-owned unless stated otherwise):*

- (a) Shanghai Urban Development Real Estate Brokerage Co., Ltd. (上海城開房地產經紀有限公司), held as to 51% by E-House Xiangyue and 49% by Shanghai Urban Development (Group) Co., Ltd. (上海城開(集團)有限公司);
- (b) Hainan E-House Tourism Real Estate Brokerage Co., Ltd. (海南易居旅遊地產經紀有限公司);
- (c) Hangzhou E-House Yongchuang Real Estate Sales and Marketing Co., Ltd. (杭州易居永創房地產營銷策劃有限公司);
- (d) Qingdao E-House Jinyue Real Estate Brokerage Co., Ltd. (青島易居金岳房地產經紀有限公司);
- (e) Shanghai Dacheng Real Estate Brokerage Co., Ltd. (上海大乘房地產經紀有限公司);
- (f) Nantong Shangfang Real Estate Sales Agency Co., Ltd. (南通上房房屋銷售代理有限公司);
- (g) Shanghai Lituo, which wholly-owns the following subsidiaries:
 - (i) Chongqing Shangyuan Real Estate Brokerage Co., Ltd. (重慶商源房地產經紀有限公司);
 - (ii) Zhengzhou Lituo Real Estate Brokerage Co., Ltd. (鄭州勵拓房地產經紀有限公司);
 - (iii) Wuhan Lituo Real Estate Brokerage Co., Ltd. (武漢勵拓房地產經紀有限公司);
 - (iv) Nanjing Liyue Real Estate Brokerage Co., Ltd. (南京勵越房地產經紀有限公司); and
 - (v) Jinan Lituo Real Estate Brokerage Co., Ltd. (濟南勵拓房地產經紀有限公司);
- (h) Shaanxi E-House Real Estate Investment Consultancy Co., Ltd. (陝西易居不動產投資顧問有限公司), which wholly owns the following subsidiaries:
 - (i) Yunnan E-House Real Estate Brokerage Co., Ltd. (雲南易居房地產經紀有限公司);
 - (ii) Ningxia E-House Real Estate Investment Consultancy Co., Ltd. (寧夏易居不動產投資諮詢有限公司); and
 - (iii) Gansu E-House Real Estate Agency Co., Ltd. (甘肅易居房產代理有限公司);
- (i) Wuxi Xiangyue Real Estate Brokerage Co., Ltd. (無錫祥悅房地產經紀有限公司);
- (j) Changzhou Yijieyou Real Estate Brokerage Co., Ltd. (常州易傑優房地產經紀有限公司);
- (k) Shaoxing Yongchuang Real Estate Sales and Marketing Co., Ltd. (紹興永創房地產營銷策劃有限公司);
- (l) Wuhu E-House Xiangyue Real Estate Sales and Marketing Co., Ltd. (蕪湖易居祥悅房地產營銷策劃有限公司), which wholly owns:
 - (i) Anhui E-House Jinyue Real Estate Sales and Marketing Co., Ltd. (安徽易居金岳房地產營銷策劃有限公司);
- (m) Kunshan Shangfang Real Estate Sales Co., Ltd. (昆山上房房屋銷售有限公司);
- (n) Tianjin Dacheng Real Estate Brokerage Co., Ltd. (天津大乘房地產經紀有限公司), which wholly owns the following subsidiaries:
 - (i) E-House Real Estate Agency (Shenyang) Co., Ltd. (易居置業代理(瀋陽)有限公司);

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- (o) Guangzhou Jinyue Real Estate Co., Ltd. (廣州市金岳置業有限公司), which wholly owns the following subsidiaries:
 - (i) Shenzhen Jinfeng E-House Real Estate Co., Ltd. (深圳金豐易居置業有限公司);
 - (ii) Zhangzhou E-House Jinfeng Real Estate Real Estate Co., Ltd. (漳州易居金豐房產置業有限公司); and
 - (iii) Fujian Yijieyou Real Estate Co., Ltd. (福建易傑優置業有限公司);
- (p) Jinan Jinyue Real Estate Brokerage Co., Ltd. (濟南金岳房地產經紀有限公司);
- (q) Ningbo E-House Yongchuang Real Estate Sales and Marketing Co., Ltd. (寧波易居永創房地產營銷策劃有限公司);
- (r) Guangxi Jinyue Real Estate Sales and Marketing Co., Ltd. (廣西金岳房地產營銷策劃有限公司);
- (s) Shanxi E-House Jinyue Real Estate Brokerage Co., Ltd. (山西易居金岳房地產經紀有限公司), which wholly owns the following subsidiaries:
 - (i) Changchun Jinyue Real Estate Brokerage Co., Ltd. (長春金岳房地產經紀有限公司);
 - (ii) Harbin Jinyue Real Estate Brokerage Co., Ltd. (哈爾濱金岳房地產經紀有限公司);
 - (iii) Dalian Jinyue Real Estate Brokerage Co., Ltd. (大連金岳房地產經紀有限公司); and
 - (iv) Yuncheng E-House Xiangyue Real Estate Brokerage Co., Ltd. (運城易居祥悅房地產經紀有限公司);
- (t) Nanjing Jinyue Real Estate Sales Co., Ltd. (南京金岳房地產銷售有限公司), which wholly owns the following subsidiaries:
 - (i) Xuzhou Yihaosi Real Estate Brokerage Co., Ltd. (徐州易豪思房地產經紀有限公司);
 - (ii) Yangzhou Yifang Real Estate Brokerage Co., Ltd. (揚州易房房地產經紀有限公司); and
 - (iii) Suzhou Yihaosi Real Estate Brokerage Co., Ltd. (蘇州易豪思房地產經紀有限公司);
- (u) Mianyang E-House Xiangyue Real Estate Brokerage Co., Ltd. (綿陽易居祥悅房地產經紀有限公司);
- (v) Jiaxing Yongchuang Real Estate Sales and Marketing Co., Ltd. (嘉興永創房地產營銷策劃有限公司);
- (w) Zhengzhou Xiangyue Real Estate Sales and Marketing Co., Ltd. (鄭州祥悅房地產營銷策劃有限公司), which wholly owns:
 - (i) Jiangxi E-House Real Estate Sales Co., Ltd. (江西易居房屋銷售有限公司), which wholly owns Ganzhou Xiangyue Real Estate Sales Co., Ltd. (贛州祥悅房地產銷售有限公司);
- (x) Tongling Jinyue Real Estate Sales and Marketing Co., Ltd. (銅陵金岳房地產營銷策劃有限公司);
- (y) Wuhan E-House Investment Co., Ltd. (武漢易居投資有限公司), which wholly owns Changsha E-House Investment Consultancy Co., Ltd. (長沙易居投資顧問有限公司);
- (z) Chengdu E-House Western Real Estate Investment Consultancy Co., Ltd. (成都易居西部不動產投資顧問有限公司), which wholly owns:
 - (i) Chongqing E-House Investment Consultancy Co., Ltd. (重慶易居投資顧問有限公司), which wholly owns Guizhou E-House Real Estate Investment Consultancy Co., Ltd. (貴州易居不動產投資顧問有限公司); and

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- (aa) Hebei E-House Jinyue Real Estate Brokerage Co., Ltd. (河北易居金岳房地產經紀有限公司), which wholly owns the following subsidiaries:
 - (i) Tianjin E-House Jinyue Real Estate Brokerage Co., Ltd. (天津易居金岳房地產經紀有限公司);
 - (ii) Henan E-House Real Estate Consultancy Co., Ltd. (河南易居房地產顧問有限公司);
 - (iii) Beijing E-House Xiangyue Real Estate Brokerage Co., Ltd. (北京易居祥悅房地產經紀有限公司), and which wholly owns Langfang Fengjin Real Estate Brokerage Co., Ltd. (廊坊市豐金房地產經紀有限公司); and
 - (iv) Xinjiang E-House Jinyue Real Estate Brokerage Co., Ltd. (新疆易居金岳房地產經紀有限公司).
- (11) The real estate data and consultancy services business includes the following subsidiaries established in China (each wholly owned unless stated otherwise):
 - (a) Shenzhen Fangyou Software Technology Co., Ltd. (深圳市房友軟件技術有限公司), held as to 90% by PRC Holdco and 10% by Mr. Zhou Dongwen (周冬文);
 - (b) Shanghai Zhuxiang Information Technology Co., Ltd. (上海築想信息科技股份有限公司), held as to 49.18% by PRC Holdco, 32.79% by Ms. Cai Ting (蔡婷), 9.02% by Shanghai Rongyan Asset Management Center, L.P. (上海融言資產管理中心(有限合夥)), and 9.01% by Shanghai Xiwen Investment Development Co., Ltd. (上海溪聞投資發展有限公司);
 - (c) Shanghai Yiyin Information Technology Development Co., Ltd. (上海懿寅信息科技發展有限公司);
 - (d) Shanghai CRIC Commercial Consultancy Co., Ltd. (上海克而瑞商務諮詢有限公司), which owns Shanghai Ruiyin Commercial Consultancy Co., Ltd. (上海瑞寅商務信息諮詢有限公司) as to 51%, with the remaining 49% held by Mr. Ma Hongbo (馬洪波);
 - (e) Beijing CREA Technology Services Ltd. (北京中房研協技術服務有限公司), held as to 51% by PRC Holdco and 49% by China Real Estate Association (中國房地產業協會), which wholly owns 2 subsidiaries:
 - (i) CREA Youcai Information Technology Ltd. (中房研協優采信息技術有限公司); and
 - (ii) CREA Technical Services Ltd. (中房研協技術服務有限公司);
 - (f) Shanghai Lewei Enterprise Management Co., Ltd. (上海樂羣企業管理有限公司), held as to 51% by PRC Holdco and 49% by Ms. Hu Xiaoying (胡曉鶯); and
 - (g) Shanghai Fangjia Information Technology Co., Ltd. (上海昉加信息科技有限公司).
- (12) The real estate brokerage network services business includes the following subsidiaries established in China, wholly-owned by Shanghai Trading:
 - (a) Nanchang Lituo Real Estate Brokerage Co., Ltd. (南昌勵拓房地產經紀有限公司);
 - (b) Taiyuan Lituo Real Estate Brokerage Co., Ltd. (太原勵拓房地產經紀有限公司);
 - (c) Xian Lituo Real Estate Brokerage Co., Ltd. (西安勵拓房地產經紀有限公司);
 - (d) Guangzhou Lituo Real Estate Brokerage Co., Ltd. (廣州市勵拓房地產經紀有限公司);
 - (e) Shijiazhuang Lituo Real Estate Brokerage Co., Ltd. (石家莊勵拓房地產經紀有限公司);
 - (f) (Nanjing Fangyou Real Estate Brokerage Co., Ltd. (南京房友房地產經紀有限公司);

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- (g) Wuhan Fangyou Century Real Estate Trading Service Co., Ltd. (武漢房友世紀房地產交易服務有限公司);
 - (h) Chongqing Yubei District Fangyou Real Estate Consultancy Co., Ltd. (重慶市渝北區房友地產顧問有限公司);
 - (i) Hangzhou E-House Real Estate Service Co., Ltd. (杭州易居房地產服務有限公司), which wholly owns Ningbo E-House Yongdong Real Estate Brokerage Co., Ltd. (寧波易居甬動房地產經紀有限公司);
 - (j) Anhui E-House Fangyou Real Estate Brokerage Co., Ltd. (安徽易居房友房地產經紀有限公司);
 - (k) Henan E-House Fangyou Real Estate Brokerage Co., Ltd. (河南易居房友房地產經紀有限公司), which wholly owns Kaifeng E-House Real-Estate Brokerage Co., Ltd. (開封市易居房友房地產經紀有限公司);
 - (l) Shandong Haoju Fangyou Real Estate Brokerage Co., Ltd. (山東好居房友房地產經紀有限公司);
 - (m) Qingdao E-House Fangyou Real Estate Brokerage Co., Ltd. (青島易居房友房地產經紀有限公司);
 - (n) Shenzhen E-House Fangyou Real Estate Brokerage Co., Ltd. (深圳易居房友房地產經紀有限公司);
 - (o) Nantong Fangyou Real Estate Brokerage Co., Ltd. (南通市房友房地產經紀有限公司);
 - (p) Chengdu E-House Fangyou Real Estate Brokerage Co., Ltd. (成都易居房友房地產經紀有限公司);
 - (q) Kunshan Fangyou Jiafang Real Estate Brokerage Co., Ltd. (昆山市房友佳房地產經紀有限公司);
 - (r) Tianjin E-House Fangyou Real Estate Brokerage Co., Ltd. (天津易居房友房地產經紀有限公司);
 - (s) Suzhou E-House Fangyou Real Estate Brokerage Co., Ltd. (蘇州市易居房友房地產經紀有限公司);
 - (t) Wuxi Yiju Fangyou Real Estate Brokerage Co., Ltd. (無錫翊居房友房地產經紀有限公司);
 - (u) Jiaxing E-House Fangyou Real Estate Brokerage Co., Ltd. (嘉興市易居房友房地產經紀有限公司);
 - (v) Guangxi Yifang Yiyou Real Estate Brokerage Co., Ltd. (廣西易房易友房地產經紀有限公司);
 - (w) Harbin Fangjiayou Real Estate Brokerage Co., Ltd. (哈爾濱房嘉友房地產經紀有限公司);
 - (x) Changchun E-House Fangyou Real Estate Brokerage Co. Ltd. (長春易居房友房地產經紀有限公司);
 - (y) Changsha E-House Fangyou Real Estate Brokerage Co., Ltd. (長沙易居房友房地產經紀有限公司);
 - (z) Kunming E-House Fangyou Real Estate Brokerage Co., Ltd. (昆明易居房友房地產經紀有限公司);
 - (aa) Guizhou E-House Fangyou Real Estate Brokerage Co., Ltd. (貴州易居房友房地產經紀有限公司);
 - (bb) Beijing Hongju Real Estate Brokerage Co., Ltd. (北京宏居房地產經紀有限公司); and
 - (cc) Shenyang Jinfeng E-House Real Estate Agency Co., Ltd. (瀋陽金豐易居置業代理有限公司).
- (13) Shanghai E-House Fangyou Real Estate Service Co., Ltd. (上海易居房友房地產服務有限公司) is a company established in the PRC on 21 May 2018 and a wholly-owned subsidiary of PRC Holdco. It is shell company and had no operating business as at the Latest Practicable Date.

OVERVIEW

We are the leading real estate transaction service provider in China as we have the largest revenue from real estate agency services in the primary market in 2017, the most cities with both real estate transaction data and land data covered, and the second largest real estate brokerage network by the number of stores as of 31 December 2017, according to the Cushman & Wakefield Report. We mainly offer real estate agency services in the primary market, real estate data and consulting services and real estate brokerage network services. We serve real estate developers, buyers, brokerage firms and other industry participants, covering various aspects of the real estate value chain.

Since our inception in 2000, we have earned a respected reputation in China's real estate industry, and established a leading position in each of our main businesses:

- We generated revenue of RMB3.9 billion from real estate agency services in the primary market in 2017, and covered 186 cities as of 31 December 2017, making us the largest real estate agency service provider in the primary market in China by both measures, according to the Cushman & Wakefield Report. With our efficient operational management systems and flexible resource allocation, we are capable of selling megaprojects for China's largest real estate developers.
- We are the largest real estate data provider in China in terms of the number of cities with both real estate transaction data and land data covered, according to the Cushman & Wakefield Report. We believe that our "CRIC" brand is associated with broad geographic coverage, diverse service offerings, deep market insight and continuous innovation. Our research reports and rankings are highly cited and widely recognised for their authoritativeness, reliability and professional quality.
- We have pioneered an asset-light "S2B2C" business model, providing comprehensive services under our Fangyou brand to small and medium-sized brokerage firms in 32 cities in China as of 31 March 2018 and empowering them to better serve their individual customers. Since January 2016, we have created the second largest real estate brokerage network in China, according to the Cushman & Wakefield Report. Our nationwide Fangyou network had 5,211 Fangyou-branded stores as of 31 March 2018, competing against companies that primarily operate self-owned or franchised stores.

Our business benefits from our close relationships with many of China's most prominent real estate developers, particularly in light of the continuing trend of market consolidation in the real estate development industry. We have served all of the Top 100 Real Estate Developers or their respective related companies in China. Furthermore, 25 of the Top 100 Real Estate

Developers are associated with our Shareholders*. In 2015, 2016 and 2017 and the three months ended 31 March 2018, we generated revenue of RMB895.5 million, RMB1,479.7 million, RMB2,118.8 million and RMB416.7 million, respectively, from these 25 developers, representing 33.0%, 37.0%, 45.7% and 44.8% of our total revenue in the respective periods. Country Garden, Vanke and Evergrande, the top three of the Top 100 Real Estate Developers and also our Shareholders, reported combined contracted sales of approximately RMB1.6 trillion for 2017. As of the Latest Practicable Date, we had entered into strategic cooperation agreements with 46 leading real estate developers with terms ranging from one year to six years. Our strategic relationships with these leading developers increase the stability and predictability of customer demand for our services across our three major business lines. As of 31 March 2018, we had a contracted pipeline of 227.2 million square metres of total GFA in 1,068 projects for our real estate agency services in the primary market, of which 124.8 million square metres were contracted with Evergrande, our largest customer during the Track Record Period.

Our three major business lines complement each other, generating powerful business synergies and abundant cross-selling opportunities. We collect a large amount of real estate data from the operations of our agency and brokerage network services, which continuously strengthen our proprietary databases and allow us to provide better data and consulting services. We leverage our data capabilities to provide real estate developers with various services at the early stages of real estate development projects, such as market research reports, positioning analysis and feasibility studies, which better positions us to serve real estate developers through our real estate agency services in the primary market and our real estate brokerage network services. In addition, we can help our developer customers expand their sales channels by sourcing buyers of new properties through Fangyou-branded stores and other real estate brokerage firms we cooperate with. In 2017, 2,093 new property units with a total GFA of approximately 190,005 square metres were sold to buyers we sourced for our developer customers in cooperation with Fangyou-branded stores and other real estate brokerage firms. Propelled by our three business engines and our asset-light business model, we experienced significant growth during the Track Record Period. Our revenue increased from RMB2.7 billion in 2015 to RMB4.6 billion in 2017, representing a CAGR of 30.6%, and increased by 8.8% from RMB854.8 million in the three months ended 31 March 2017 to RMB930.2 million in the three months ended 31 March 2018. Our profit and total comprehensive income for the year increased from RMB177.2 million in 2015 to RMB765.3 million in 2017, representing a CAGR of 107.8%, and increased by 12.8% from RMB135.1 million in the three months ended 31 March 2017 to RMB152.4 million in the three months ended 31 March 2018.

* Among the Shareholders of our Company, 15 Shareholders are respective subsidiaries of 15 of the Top 100 Real Estate Developers, including Country Garden, Vanke and Evergrande; five Shareholders are the respective controlling shareholders of another five of the Top 100 Real Estate Developers; three Shareholders are respective wholly-owned companies of directors of another three of the Top 100 Real Estate Developers; and in respect of each of another two of the Top 100 Real Estate Developers, our Shareholder is wholly-owned by a director of another company which has the same controlling shareholder as the respective Top 100 Real Estate Developer.

OUR STRENGTHS

We have strong customer and shareholder bases, and have established strategic relationships with many leading real estate developers in China.

Our business benefits from our close relationships with many of China's most prominent real estate developers. We have served all of the Top 100 Real Estate Developers or their respective related companies in China. The real estate development market in China has experienced significant consolidation in recent years, and the trend is expected to continue. According to the Cushman & Wakefield Report, the combined market share of China's Top 100 Real Estate Developers, as measured by contracted sales, increased from approximately 39.1% in 2015 to approximately 56.8% in 2017, and is projected to reach 62.8% to 65.8% in 2020. At the same time, developers in China have increasingly relied on competent third-party agency companies to sell new properties. According to the Cushman & Wakefield Report, the combined market share of China's top ten real estate consultancy and agency companies increased from approximately 12.0% in 2012 to approximately 17.1% in 2015, and is projected to reach 24.6% to 27.1% in 2020. With our strategic relationships with top developers and particular strengths in executing megaprojects, we believe that we are well positioned to capture the growth opportunities presented by these market trends.

Furthermore, 25 of the Top 100 Real Estate Developers are associated with our Shareholders. These 25 developers collectively recorded contracted sales of approximately RMB3.2 trillion and accounted for approximately 41.7% of the total contracted sales of the Top 100 Real Estate Developers in 2017, according to data set out in the Cushman & Wakefield Report. Country Garden, Vanke and Evergrande, the top three of the Top 100 Real Estate Developers and also our Shareholders, reported combined contracted sales of approximately RMB1.6 trillion in 2017, according to the Cushman & Wakefield Report.

We believe that our comprehensive and efficient services are critical to our solid relationships with top real estate developers. We are able to provide developers with a wide range of services throughout the real estate development lifecycle. At the project planning stage, we offer data-based consulting services to facilitate developers' strategic planning, such as city selection and land identification; at the development stage, we offer software and data based project design services as well as a massive database of parts and materials; at the sales stage, we offer marketing consultancy and sales services through both our on-site sales force and the Fangyou brokerage network.

Our long-term cooperation with leading real estate developers has been critical to our business and is expected to continue to drive our future growth. On average, we have over nine years of business relationships with our top five customers in 2017. As of the Latest Practicable Date, we had entered into strategic cooperation agreements with 46 leading developers with terms ranging from one year to six years. We work with our key customers to formulate annual sales targets. Our strategic relationships with these leading developers increase the stability and predictability of customer demand for our services across our three major business lines. As of 31 March 2018, we had a contracted pipeline of 227.2 million square metres of total GFA

in 1,068 projects for our real estate agency services in the primary market. Our extended history of cooperation with top customers has also helped us standardise our sales and other business procedures, thereby improving our operational efficiency. Most importantly, our cooperation with top real estate developers is mutually beneficial. Our services enable our customers to seize market opportunities and increase their business scales, which in turn will generate higher demand for our services.

We are the influential leader in China’s real estate data and consulting market.

We have cultivated our “CRIC” brand since the creation of our original real estate information system in 2002. Today, “CRIC” is one of the best known brands in China’s real estate industry and widely regarded as an authoritative source of real estate data. We are the largest real estate data provider in China in terms of the number of cities with both real estate transaction data and land data covered, according to the Cushman & Wakefield Report. We believe our competitive strengths in real estate data and consulting include:

- *Market influence:* Our ratings and rankings are highly regarded and influential. Our “Rating and Research Report on Top 500 Real Estate Developers in China” is routinely cited to demonstrate a developer’s industry status, particularly during capital market transactions. Our top developer ranking is also used by the Shanghai Stock Exchange and the Shenzhen Stock Exchange as one of the criteria for screening issuers of domestic corporate bonds.
- *Breadth and depth of data:* Collected from an extensive variety of channels, our real estate data currently cover more than 86,000 residential projects, 20,000 commercial projects and 748,000 land parcels across 367 cities in China. With the vast amount of market, project, company and customer data we have accumulated in over 15 years, we believe our CRIC Systems are difficult to replicate for our existing and potential competitors.
- *Innovation:* We have extensive experience and strong capabilities in research and development, allowing us to continuously develop innovative products to address our customers’ evolving needs. We have launched several new products, including the CRIC data marketing system, the CRIC investment decision-making system and the YiLou mobile app. We have registered over 50 copyrights in China in relation to our real estate data and consulting services.
- *Tailored consulting services:* Leveraging our powerful data systems, we are able to provide real estate consulting services that are tailored to meet the needs of our customers through various stages of real estate projects, covering tourism properties, senior care properties, commercial properties, industrial properties and city operations.

Our data and consulting services have powerful business synergies with our two other business lines, generating abundant cross-selling opportunities. Leveraging our data capabilities, we are able to provide real estate developers with various services at the early stages of real estate development projects, such as market research reports, positioning analysis and feasibility studies, which better positions us to gain agency contracts. At the same time, we collect a large amount of real estate data from the operations of our agency and brokerage network services, which continuously strengthen our proprietary databases and allow us to provide better data and consulting services.

Our large business scale and professional sales force differentiate our real estate agency services in the primary market and well position us to execute complex sales projects.

Our unparalleled geographic coverage, large business scale and extensive experience enable us to provide top real estate developers with efficient agency services. We generated revenue of RMB3.9 billion from real estate agency services in the primary market in 2017 and covered 186 cities as of 31 December 2017, making us the largest real estate agency service provider in the primary market in China by both measures, according to the Cushman & Wakefield Report. Through our history of executing over thousands of real estate sales projects, we have accumulated valuable experience and developed a mature operational system that focuses on rigorous monitoring, effective staff training and efficient internal management.

In particular, our large business scale and efficient project management give us a competitive edge in executing megaprojects for top real estate developers. In the early stage of a large sales project, we work closely with the developer to jointly formulate our marketing service plan, which is customised for the specific project. We establish a dedicated team comprised of carefully selected sales staff for each project. To ensure the successful launch of a large sales project, we often deploy a large number of sales professionals to the project site. Our nationwide coverage also allows us to efficiently coordinate our resources, provide timely feedback, and make quick adjustments to our project execution. During the Track Record Period, we successfully executed multiple complex sales projects, some of which have an annual transaction value over RMB5 billion in one or more years, including Evergrande Venice with a total GFA of approximately 7 million square metres and Luneng Mansion with a total GFA of over 200,000 square metres. Leveraging our extensive experience in project opening, sales and marketing, and the acquisition, management and service of property purchasers, we are able to improve the sales efficiency and help developers reach their sales goals.

We have pioneered an innovative asset-light business model to integrate and empower small and medium-sized real estate brokerage firms.

We have pioneered an asset-light “S2B2C” business model to empower and integrate small and medium-sized brokerage firms under our Fangyou brand. Under this business model, we provide comprehensive online and offline services (“S”) to small and medium-sized real estate brokerage businesses (“B”) to help them better serve their individual customers (“C”). We do not open our own real estate brokerage stores, nor do we directly carry out our own real estate brokerage business in the secondary market. As a result, we have been able to quickly develop a nationwide brokerage network without substantial capital investments.

We believe that small and medium-sized brokerage firms are most likely to achieve success with maximal service empowerment and minimal operational interference. We allow Fangyou-branded stores to enjoy the best of both worlds: greater autonomy than franchised stores, and better brand and service support than unaffiliated stores. Brokerage firms that join our Fangyou network enjoy enhanced brand recognition, easy-to-use management software and extensive knowledge and other resources. In addition, we mobilise Fangyou-branded stores and other cooperating real estate brokerage firms to source buyers of new properties for our developer customers. Such sales have expanded our revenue source as well as that of the participating brokerage firms, creating a win-win scenario. At the same time, the extensive network of cooperating real estate stores also helps us better serve our developer customers by generating off-site property sales.

Since January 2016, we have created the second largest real estate brokerage network in China, according to the Cushman & Wakefield Report. As of 31 March 2018, our nationwide Fangyou network had 5,211 Fangyou-branded stores in 32 cities. In 2017 and the three months ended 31 March 2018, we cooperated with Fangyou-branded stores and other cooperating real estate brokerage firms mainly in three cities, Hangzhou, Shanghai and Zhengzhou, to source buyers of new properties for our developer customers, and in 2017, these brokerage firms collectively sourced buyers for 2,093 new property units with a total GFA of approximately 190,005 square metres and an aggregate transaction value of RMB6.1 billion. As we mobilise brokerage firms in more cities to sell new properties, we expect our Fangyou network will make increasingly greater contribution to our overall business.

We have an experienced and stable management team and an effective staff training system.

Our management team has extensive real estate experience and expertise. We are led by our co-founder and chairperson, Mr. Zhou, a well-recognised expert with over 20 years of experience in China's real estate industry. Mr. Zhou has received numerous awards in recognition of his achievements and industry status. In 2016, for example, he was named one of the "Person of the Year of Chinese Economy" and awarded a "China Business Leader Award". Like Mr. Zhou, many of our other senior management team members were also early participants in China's real estate industry. Our senior management team has extensive industry experience and possess strong expertise in real estate services, data analytics and other relevant fields. Our stable senior management team has served us for over 12 years on average. We believe that our experienced and stable management team has contributed significantly to our past success and will continue to contribute to our further growth.

We believe that a sales staff which can provide high-quality professional services consistently and an effective management team are critical to our successful expansion into new markets and the enhancement of our brand name. We have therefore devoted significant efforts to our personnel training and management systems. We have designed tailored training programme for employees in different functional departments and at different management levels. For city operational leaders, we sponsor them to attend executive management courses at top domestic and international business schools. For mid-level managers, we offer courses

that promote career advancement and leadership skills. We have also established the “Yijia Institute” to provide comprehensive training to our employees. We have a well-rounded staff evaluation system that incentivizes our employees to improve sales volume, efficiency and customer experience. Through performance-based compensation schemes, we aim to enhance employee satisfaction and manage our turnover rate. Our effective human resource management is evidenced by the many awards we have received, including the “Employer Excellence of China” award from the recruiting website 51job.com in both 2016 and 2017.

OUR STRATEGIES

To strengthen our position as China’s leading real estate transaction service provider, we intend to pursue the following strategies:

Strengthen our leadership position in real estate agency services in the primary market

Real estate agency services in the primary market have traditionally been our core business and accounted for a large percentage of our revenue. We plan to further strengthen our leadership position in the industry by further expanding our geographical footprint in China. We intend to further expand our presence in third- and fourth-tier cities and achieve complete nationwide coverage. We plan to enter into 52 additional cities (consisting of 51 third- and fourth-tier cities and one second-tier city) and further improve our service capacity in 38 of the 186 cities we currently cover. To achieve these objectives, we plan to lease additional office space for the expanded operations, purchase equipment for the daily operations of the expanded operations, and recruit additional employees for the expanded operations. In addition, we intend to seize the opportunities presented by the continued consolidation in China’s real estate development industry and further enhance our strategic cooperation with the Top 100 Real Estate Developers. We have entered into strategic cooperation agreements with 46 leading real estate developers in China. We believe our comprehensive and in-depth strategic cooperation with these real estate developers will further drive the growth in the total GFA and transaction value of properties we sell.

Further expand our Fangyou network and the revenue source of our Fangyou brokerage network

We created the Fangyou real estate brokerage network with an innovative “S2B2C” business model in early 2016. Since then, we have created a nationwide brokerage network with 5,211 Fangyou-branded stores in 32 cities as of 31 March 2018. We plan to accelerate the expansion of our brokerage network, aiming to increase the number of Fangyou-branded stores to 10,000 and cover approximately 52 cities by the end of 2018. To attract more brokerage firms to join the Fangyou network, we plan to provide them with more and better empowerment services, helping them better serve their individual customers. We are continuously developing our E-House Fangyou Management System and related mobile apps. These tools are designed to help Fangyou-branded stores realize digitalised efficient management of their operations, make it more convenient for brokers to publish their inventories and for their prospective customers to find housing products. By increasing the efficiency and attractiveness of our brokerage network, we aim to increase the loyalty of Fangyou-branded stores.

We envision that a nationwide brokerage network can become a large and efficient network for us to source buyers of new properties for our developer customers, further enhancing our value propositions to real estate developers. In 2017 and the three months ended 31 March 2018, we cooperated with Fangyou-branded stores and other cooperating real estate brokerage firms mainly in three cities, Hangzhou, Shanghai and Zhengzhou, to source buyers of new properties for our developer customers. Commissions received from these sales have become a new and fast growing revenue source for us. In 2017, 2,093 new property units with a total GFA of approximately 190,005 square metres were sold to buyers we sourced for our developer customers in cooperation with Fangyou-branded stores and other real estate brokerage firms. We intend to duplicate our success in more cities, and cooperate with brokerage firms in approximately 52 cities across China to source buyers of new properties for our developer customers by the end of 2018. Leveraging our internal resources and external contacts in the real estate industry, we also plan to further diversify our revenue sources through our Fangyou network, such as by offering apartment rental, real estate financing, relocation and home decoration services provided by our business partners. We will continue to expand our service offerings and are committed to be a one-stop solution provider for real estate industry participants.

Further enhance our influence in the real estate industry

Brand recognition is important to the development of our business. “E-House” and “CRIC” are among the best known and most reputable brand names in China’s real estate industry. We plan to further promote our brand recognition and industry influence by regularly organizing industry conferences, seminars, product releases and other promotional events.

Our ratings and rankings of real estate developers are well received in China’s real estate industry. Inclusion in our rankings is often regarded as an indicator of prestige by real estate developers. We intend to further optimise our assessment methodologies to maintain and enhance the quality of our rating and ranking products, and thereby further strengthen our reputation and market influence.

Invest in research and innovation

We plan to continue to make significant investments in research and development to promote innovation in each of our major business lines.

For our real estate agency services in the primary market, we plan to further optimise our marketing and management system to improve our operational efficiency.

For our real estate data and consulting services, we plan to further expand the variety and scope of our databases and upgrade our core data management platform, which we believe will help us develop new and innovative data applications. In addition, we plan to explore innovative marketing channels for our real estate data and consulting services. For example, we intend to promote our research and data analytical capability through new media platforms to enhance our market influence. Moreover, we aim to expand the application scenarios of our

data capability to add new sources of revenue. For example, we plan to explore the application of real estate data analytics in governmental activities. Specific industry sectors on which we plan to increase our research efforts include: (i) featured towns (特色小鎮), (ii) commercial properties, (iii) uses of commercial space such as shared work space and rental apartments, (iv) cultural and tourist properties, (v) health and senior care properties, and (vi) industrial properties. For each of these sectors, we plan to develop comprehensive databases as well as rating and assessment systems to serve a variety of customers, including, among others, governments, real estate developers, service providers and investors.

For our real estate brokerage network services, we plan to further improve our information management solutions for Fangyou-branded stores' brokerage services. We have developed a real estate management system and mobile apps designed for Fangyou-branded stores and their brokers. We plan to continuously optimise these tools to meet brokers' evolving needs and help them improve business management efficiency.

In addition to our research and innovation efforts in each of our three business lines, we have also internally established the Real Estate Innovation Centre to carry out research on innovative businesses, with a view to expanding the scope of consulting services that we provide to our clients. We primarily focus on researching innovative businesses that combine different sectors, such as shared work space and serviced apartments, and various types of innovation through which traditional real estate companies realize their attempted business transformation.

Invest in our employees to better serve our clients

As a service provider, we rely on qualified employees to provide quality services to our clients. Maintaining a team of experienced and capable employees is of great importance to our business operations and future development. Therefore, we are committed to recruiting talented employees and continuously improving our employees' service capacity through internal and external trainings. We plan to standardise our recruitment procedures and expand our recruitment channels, such as joint cultivation of prospective employees with educational institutions. We plan to cooperate with vocational colleges to establish education programs that are tailored specifically to meet our requirements for our future employees. To cultivate our potential future employees, we plan to help cooperating vocational colleges establish workplace simulation training studios and award scholarships to outstanding students. In terms of training, we plan to establish training centres in major cities where we operate our business. For our management personnel, while we provide them with numerous opportunities to improve their capabilities, we will also put in place systematic evaluation and assessment procedures to ensure they are qualified to undertake more responsibilities.

OUR SERVICES

Overview

We primarily provide the following three types of services:

- real estate agency services in the primary market;

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- real estate data and consulting services; and
- real estate brokerage network services.

The following table sets forth a breakdown of our revenue, both in absolute amounts and as percentages of our total revenue, for the periods presented:

	For the Year Ended 31 December						For the three months ended 31 March			
	2015		2016		2017		2017		2018	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
(in thousands, except for percentages)										
(unaudited)										
Real estate agency services in the										
primary market.	2,336,540	86.0	3,568,575	89.3	3,926,722	84.7	654,706	76.6	734,757	79.0
Real estate data and consulting										
services	379,906	14.0	396,397	9.9	629,422	13.6	185,758	21.7	167,633	18.0
Real estate brokerage network										
services	–	–	31,157	0.8	77,216	1.7	14,330	1.7	27,812	3.0
Total	2,716,446	100.0	3,996,129	100.0	4,633,360	100.0	854,794	100.0	930,202	100.0

Real Estate Agency Services in the Primary Market

The provision of marketing and sales services in the primary residential real estate market to real estate developers has traditionally been our core business. The revenue generated from our real estate agency services in the primary market accounted for 86.0%, 89.3%, 84.7% and 79.0% of our total revenue in 2015, 2016 and 2017 and the three months ended 31 March 2018, respectively. The following table sets forth a breakdown of our revenue from real estate services in the primary market by city tiers, both in absolute amounts and as percentages of our total revenue, from real estate agency services in the primary market for the periods presented:

	For the Year Ended 31 December						For the three months ended 31 March			
	2015		2016		2017		2017		2018	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
(in thousands, except for percentages)										
First-tier cities	645,988	27.6	833,028	23.3	732,762	18.7	116,093	17.7	164,503	22.4
Second-tier cities	1,116,824	47.8	1,615,796	45.3	1,721,724	43.8	248,576	38.0	326,150	44.4
Third- and fourth-tier cities.	573,728	24.6	1,119,751	31.4	1,472,236	37.5	290,037	44.3	244,104	33.2
Total	2,336,540	100.0	3,568,575	100.0	3,926,722	100.0	654,706	100.0	734,757	100.0

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Revenue from real estate agency services in the primary market in first-tier cities decreased from 2016 to 2017 primarily due to the tightening of certain restrictive policies on the purchases of residential properties in these cities.

The following table sets forth selected operating statistics related to our real estate agency services in the primary market:

	For the Year Ended 31 December			For the three months ended 31 March	
	2015	2016	2017	2017	2018
Total GFA of new properties sold (millions of square metres).	26.1	35.5	37.2	6.2	6.6
Total value of new properties sold (millions of RMB)	267,468	406,078	432,982	73,480	83,306
Average commission rate ⁽¹⁾	0.87%	0.88%	0.91%	0.89%	0.88%
Total GFA of contracted pipeline properties ⁽²⁾ at the end of the year/period (millions of square metres)					
First-tier cities	7.7	7.5	9.4	N/A	13.2
Second-tier cities	83.2	92.5	113.7	N/A	135.1
Third-and fourth-tier cities . .	70.0	65.4	83.0	N/A	78.9
Total	160.9	165.4	206.0	N/A	227.2

Notes:

- (1) Average commission rate equals revenue derived from real estate agency services in the primary market divided by total value of new properties sold.
- (2) Contracted pipeline properties represent new properties which we have been contracted to sell under specific project-based real estate agency agreements but have not yet sold at the relevant time.

Based on our historical experience and information currently made available to us by our developer customers, particularly their estimated timings of obtaining the required sales permit and launching sales, we expect that, of the total GFA of contracted pipeline properties at the end of 2017, approximately 25-30% will be available for sale in 2018, approximately 20-25% will be available for sale in 2019, and the rest will be available for sale in subsequent years.

We have established an extensive real estate sales network in the primary market covering 186 cities in 30 provinces, municipalities and autonomous regions across China as of 31 March 2018 and had a team of over 16,000 sales and marketing employees as of 31 March 2018.

Our real estate agency services in the primary market primarily include formulating and executing marketing and sales strategies for real estate projects developed by our customers, promoting the projects to prospective purchasers, and facilitating sales transaction. For most sales projects, our developer customers are responsible for their advertising and other promotional activities.

We usually commence our real estate agency services in the primary market by preparing a customised marketing plan for the project after we are engaged by a developer. We help our developer clients develop a signature identity and brand that are distinctive to a project, establishing long-term awareness of the project among prospective purchasers in the primary market and benefiting future sales in the secondary market. Leveraging our comprehensive CRIC databases, we advise our developer clients on running effective advertising campaigns, such as which geographic areas and advertising channels to prioritise.

Once a development project is ready to enter the sales phase, we station sales staff specially trained for the project at the project site until most of the units are sold. The size of the team of sales personnel varies, depending on the size of the property project. Generally, more sales personnel will station on-site during the first few weeks after a property is newly launched and/or when dealing with larger property projects. Our sales staff provide prospective buyers with a presentation of the architectural, design and construction aspects of the property as well as information on the surrounding community and amenities, recommend appropriate floor plans based on their purchase criteria and accompany the prospective buyers to tour the units and the project amenities. Our sales staff also pursue sales leads and provide further assistance to interested buyers.

Our large business scale and efficient project management give us a competitive edge in executing megaprojects for top real estate developers. During the Track Record Period, we successfully executed multiple complex sales projects, each with an annual transaction value over RMB5 billion. For example, for the Evergrande Venice project in Nantong, Jiangsu Province, we sold new units with a total GFA of 698,100 square metres and a total value of RMB4.6 billion in 2016, and new units with a total GFA of 768,600 square metres and a total value of RMB6.5 billion in 2017. The successful execution of such projects demonstrates our ability to mobilise our sales staff and allocate other resources to successfully handle complex and large-scale sales projects.

To better serve and maintain the close relationships with our key developer customers, we have entered into strategic cooperation agreements with 46 leading real estate developers in China. These agreements have terms ranging from one year to six years, under which we and each developer agree that we will provide consulting, data and sales services to the developer, including sales through our Fangyou brokerage network. In the strategic cooperation agreements with parties related to our Shareholders, we also generally agree that we will cooperate with each other on a priority basis in the area of real estate agency services in the primary market and strive to achieve a non-binding annual sales target. These strategic relationships provide us with a substantial increase in our project pipeline for future sales. They also help us expand into new cities and regions. Normally, our strategic cooperation with real estate developers is not exclusive. Under certain strategic cooperation agreements, however, we serve or have the priority to serve as the exclusive sales agent for the developer customers for certain projects, which provides us with a stable source of revenue.

For each specific real estate project, we enter into a detailed agency agreement with the relevant developer customer. Some agency agreements have fixed terms, generally one year, and are renewed periodically. Other agency agreements do not have fixed terms and terminate after we sell all or almost all of the properties allocated to us. If we fail to sell a certain percentage of all properties to be sold within a certain period of time, the customer generally has the right to unilaterally terminate the agreement with us. The commissions we receive are usually either at a fixed percentage or a progressive percentage based on our sales performance. Some agreements also provide for bonus commissions for sales achieved above the pre-determined levels. We may also be required not to provide real estate agency services in the primary market to other developers in nearby areas during the term of a specific agency agreement.

We sometimes allow certain real estate developers to settle a limited percentage of the total amount payable to us by transferring to us certain properties they develop. We then resell such properties for cash. In 2015, 2016 and 2017 and the three months ended 31 March 2018, we received the right to sell 114, 11, 47 and 7, respectively, property units in lieu of service fees of RMB137.3 million, RMB14.4 million, RMB71.0 million and RMB3.0 million, respectively.

Real Estate Data and Consulting Services

Our real estate data and consulting services are designed to meet the needs of developer clients at various stages of the project development and sales process and other clients with particular requests and needs. Our real estate data and consulting services mainly include data services, rating and ranking services, and consulting services. Real estate data and consulting services accounted for 14.0%, 9.9%, 13.6% and 18.0% of our total revenue in 2015, 2016 and 2017 and the three months ended 31 March 2018, respectively.

Data services

Since the launch of our data business in 2002, we have compiled vast amounts of real estate-related information in our CRIC Systems, which are a series of proprietary real estate databases and analysis systems. After over ten years of development, our CRIC Systems have become industry-leading real estate data systems that are frequently used by users on a daily basis. Our CRIC Systems currently include information on over 86,000 residential projects, 20,000 commercial projects and 748,000 land parcels, covering 367 cities in China. The information in our CRIC Systems also includes real estate-related news, macroeconomic, demographic and real estate industry-specific statistics, and research reports about the real estate industry in China.

We collect data from various sources. Our sales staff and other employees collect a large amount of first-hand data during site visits or sales processes. For the data that are difficult or inefficient to collect in person, we purchase them from third-party data providers. Currently we primarily purchase two types of third-party data. First, we purchase data related to advertising activities of real estate developers, such as the frequency, format and channels of

advertisements. Through these data we are able to better understand the marketing strategies and costs of developers, which helps us improve the CRIC real estate decision making consultation software and our research reports. Second, we purchase aggregated data related to specific demographics, such as life habits, online behaviors and consumption preferences. These data help us improve our CRIC data marketing system and provide better marketing advice to our developer customers. These third-party data are a useful supplement to, but not core components of, our CRIC Systems and do not contain personal information. In addition, we also aggregate publicly available data from government authorities and other organisations. We do not collect or store personal information of individuals, such as names, contact information or ID numbers, in our CRIC Systems.

Leveraging the powerful CRIC Systems, we provide our customers with a wide range of data services. Our core data product is the CRIC real estate decision-making consultation software. In addition, we have also launched several other products to cater to our customers' diverse needs, including the CRIC data marketing system, the CRIC investment decision making system and the Zhuxiang system.

For our data services, we generally enter into agreements with terms ranging from a few months to one year. Upon the expiration of an agreement, we negotiate with the client for a new agreement, which may include new pricing terms and different coverage. The service fee usually is 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 we provide. The payment can be made in a lump-sum or by instalments depending on the nature and scope of services we provide in each case.

(1) CRIC real estate decision-making consultation software

Our CRIC real estate decision-making consultation software has six modules. Our clients can subscribe to one or more of these modules based on their specific needs.

The following table summarises the functions of these six modules:

Modules	Main Functions
CRIC Market Adviser	<ul style="list-style-type: none">• Quick search of information relating to real estate transactions covering 123 cities across China• Multi-dimensional statistical analysis and comparison on the real estate market• Monitoring of competitors' transaction data; comparison with other competing projects/products• Search of the latest information on new real estate projects and rankings of project and land transactions across China• Professional tools facilitating easy and quick generation of market reports

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Modules	Main Functions
CRIC Land Adviser	<ul style="list-style-type: none"> • Various search and smart mapping tools enabling our developer clients to keep up with the latest land-related information • Multidimensional land statistics and proprietary ranking of available land parcels covering 367 cities across China from various angles • Professional land analysis reports facilitating land acquisition by our developer clients
CRIC Commercial Adviser	<ul style="list-style-type: none"> • Comprehensive database covering 42 major cities in China, enabling our clients to obtain one-stop commercial information across China • Thorough analysis of commercial market from multiple levels and dimensions • Leveraging our proprietary risk assessment system to evaluate the commercial risks of a given city • Extensive commercial brand library enabling a comprehensive search of business information
CRIC Enterprise Adviser	<ul style="list-style-type: none"> • Comprehensive and thorough analysis of real estate development enterprises in China on various dimensions, from development strategies, sales and marketing to land acquisitions, project development, stock price analysis and financial performance • Accurate and in-depth analysis of competing enterprises' strategies • Customised real-time comparisons against well-known real estate enterprises
CRIC Project Adviser	<ul style="list-style-type: none"> • Providing developer clients with professional property price analysis and transaction data monitoring • Providing developer clients with analysis of their competitors' transaction prices and marketing information of competing projects via timely push notifications
CRIC PLUS	<ul style="list-style-type: none"> • Integrating the most popular functions of the CRIC Systems • Emphasising the correlation between residential transactions and basic information • Improved search of land, businesses and office buildings with more comprehensive data coverage • Additional enterprise database search with more detailed information

Our customers can also subscribe to certain topical analytical reports prepared by our in-house research team based on the data in our databases. These reports provide our customers with another layer of insight on certain popular areas through our analysis of the massive amount of data.

(2) CRIC data marketing system

Our CRIC data marketing system helps our developer customers achieve more precise marketing and pinpoint targeted customers. Upon request by our developer customers, our CRIC data marketing system constructs base profiles of prospective property buyers by aggregating and analysing the behaviour and consumption habits of the visitors to on-site sales offices of the projects developed by our developer customers. Based on these profiles and other data resources, our CRIC data marketing system captures more prospective property buyers in the general population with similar attributes to those of the base profiles, which significantly improves the efficiency of our clients' marketing activities. Our CRIC data marketing system continuously supplements and adjusts the prospective property buyers' profiles by monitoring the actual effectiveness of the suggested marketing strategies. The suggested marketing strategies will also be updated based on the updated profiles to ensure the marketing efforts are effective and timely. This online marketing system can also provide our developer clients with strategies for their offline marketing and thus improve the effectiveness and efficiency of their overall marketing efforts.

Our CRIC data marketing system has two modules: precise marketing module and visitor analysis module. The precise marketing module analyses incoming phone calls and online clickthroughs by different groups of individuals to help our customers increase the efficiency of online marketing. The visitor analysis module mainly conducts deep analysis on the visitors to the customers' on-site sales offices to ensure the accuracy of prospective buyer characteristics that are used by the precise marketing module.

(3) CRIC investment decision-making system

To facilitate our clients' investment decision-making, we developed the CRIC investment decision-making system to provide our clients with insightful information and smart tools for their investment decision-making. Our CRIC investment decision-making system provides assistance to our clients throughout the three major steps in a real estate investment process, namely, city selection, sector selection and land identification:

- *City selection.* By applying over 400 parameters, our decision-making system first helps our clients narrow down the number of cities that fit their development strategies. These parameters cover a variety of aspects that our clients usually consider when determining whether to enter a geographical market, including the general condition of a city, its land market, as well as the current development status of its real estate industry. After narrowing down the possible choices, our system can perform a comparative assessment of all

potential cities and generate a ranking of those cities. Our smart tools present such ranking, together with other related information, directly on a map to facilitate our clients' decision-making.

- *Sector selection.* Using multi-dimensional model analysis, our decision-making system evaluates the investment opportunities for various real estate sectors they are interested in. It also enables our clients to compare and analyse the sectors and monitors the changes of relevant data. As in the case of city selection, our smart tools can present relevant information and analysis results on a map to help our clients easily digest the information.
- *Land identification.* Our decision-making system can present the land market condition of a city conveniently on the map. It can also present the historical information and current status of a specific land parcel, nearby real estate projects, as well as other related information to enable a comprehensive evaluation of that piece of land. The system keeps our clients abreast of the latest land market trends, predicts future development and helps our clients manage risks and make strategic planning. In addition, the system can conveniently present a comprehensive land report by virtue of our rich data support and a variety of functional modules.

(4) *Zhuxiang system*

Our Zhuxiang system mainly provides software and data services and related consulting services to developer clients during the project design stage and the project development stage. Our Zhuxiang system currently has more than 2,800 users in the real estate industry, including certain Top 100 Real Estate Developers. The industry chain data in our Zhuxiang system covers information on over 39,000 suppliers and more than 96,000 parts and materials. Through our Zhuxiang system, we provide two types of services: product standardisation services and material procurement consulting and brand database services.

Product standardisation services. We offer product standardisation services and consulting services to help our clients streamline project management. Relying on our proprietary CPA 1.0 standard application platform and CPA 2.0 full life cycle management platform, we help our clients realise dual-track management and control of standard product data and project development progress, improve project quality and reduce the cost of construction and installation.

Material procurement consulting and brand database services. Leveraging our proprietary procurement database, we provide procurement consulting services, such as consultation on technical specifications of various raw materials. Our professional advice can serve as the technical basis for our clients to assess the bids they received from suppliers, which greatly facilitates their procurement process. Our supplier brand database contains a vast amount of supplier information and is able to sort and recommend suitable suppliers and raw materials to our developer clients. While satisfying real estate developers' procurement demands, our services also help suppliers pinpoint their targeted customers.

Rating and ranking services

Leveraging our strength in real estate data, we began to offer real estate rating and ranking services. After more than a decade's efforts on and commitment to in-depth research and analysis on the real estate industry, we have established an authoritative data research and analysis system and published various research reports and rankings for seven consecutive years.

The following table summarises our main rating and research reports:

Rating and research reports	Description
Rating and Research Report on Top 500 Real Estate Developers in China	Comprehensive research on the top 500 real estate developers in China from seven aspects, namely, enterprise scale, risk management, profitability, development potential, operational performance, innovation and social responsibility
Rating and Research Report on Listed Chinese Real Estate Companies	Comprehensive research on China-based real estate companies publicly listed in, among others, China, Hong Kong, Singapore and the United States from eight aspects, namely, operational scale, risk-resistance ability, profitability, development potential, management efficiency, innovation ability, social responsibility and capital market performance
Rating and Research Report on the Brand Value of Chinese Real Estate Enterprises	Scientific research on the brand value of real estate developers and other related enterprises in the industrial chain
Rating and Research Report on Real Estate Development Potential of Tier 3 and Tier 4 Cities in China	Comprehensive research on the development potential of real estate markets in Tier 3 and Tier 4 cities in China based on analysis of real estate property supply and demand arising from the cities' development needs and various external factors

The following table sets forth our main rankings and their publication frequencies:

Rankings	Frequency
Sales Ranking of Top 200 Real Estate Companies in China in 2017 (2017年中國房企銷售排行榜TOP200)	Monthly
Ranking of Top 30 Real Estate Companies in China by Commercial Value of New Land Reserve (中國房地產企業新增貨值排行榜TOP30)	Monthly
Brand Recognition Ranking of Top 100 Real Estate Companies in China (中國房地產企業品牌傳播力排行榜TOP100)	Monthly
Operating Revenue Ranking of Top 30 Real Estate Developers in China in 2017 (2017年中國房企運營收入排行榜TOP30)	Quarterly
Sales Ranking of Top 100 Real Estate Projects in China (中國房地產項目銷售排行榜TOP100)	Monthly

Our research reports and rankings are well regarded and influential among China's real estate industry participants. For example, our "Rating and Research Report on Top 500 Real Estate Developers in China" is routinely cited to demonstrate a developer's industry status, particularly during capital market transactions. Our top developer ranking is also used by the Shanghai Stock Exchange and the Shenzhen Stock Exchange as one of the criteria for screening issuers of domestic corporate bonds.

We strive to produce objective, independent reports and rankings, and we do not charge any developer for being included in our reports and rankings. We generate revenue from our rating and ranking services by providing value-added services after we have completed the relevant reports or rankings. For example, we can help customers compile media reports on our ratings and rankings related to the customers for use in their marketing activities. We can also conduct more in-depth studies on a specific customer to supplement our main rating reports and help it analyse its market positioning and brand awareness. We generally enter into agreements with terms no more than one year. Customers are generally required to pay all or a majority of the service fees shortly after the agreement is signed.

Consulting services

Leveraging our powerful data systems, we are able to provide real estate consulting services that are tailored to meet the needs of our developer clients throughout the design, development and sales stages and address specific issues encountered by them. In addition to developer clients, we also provide 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.

We provide consulting services to real estate developer clients at various stages of the development of a project. At the initial stage, we advise real estate developers on and facilitate the transfer of land development rights. After real estate developers acquire the right to develop a piece of land, we offer a variety of services. For example, we conduct project feasibility studies which include general information on market conditions and trends and information concerning the demographics and the existing and projected amenities in the area where the project will be located. We also provide a comprehensive analysis of the real estate transaction history of nearby development projects, including average sales prices and sales activities, marketing and advertising campaigns employed, amenities and services offered and demographics targeted by these projects. We work with developers to define the targeted demographic and determine the optimal unit size, price schedule, interior and landscaping design criteria, construction material and the services and amenities for each development phase. After the development of a project, we provide marketing and advertising consulting services on the sale of the project.

Our core real estate consulting services primarily focus on five types of properties:

- *Tourism properties.* We provide developer clients with one-stop consultation services to help them make correct decisions, realise successful sales and long-term operation, and achieve their strategic goals.

- *Senior care properties.* We provide developer clients with strategic research on the senior care property market, senior care product line, market feasibility, strategic positioning, project development and operation, as well as supplier management.
- *Commercial properties.* We provide commercial real estate developers with full-spectrum consulting services including market research and project positioning analysis at the initial stage, business consulting and promotion consulting at the middle stage, and operation and management consulting at the last stage.
- *Industrial properties.* Relying on our rich resources, we provide governments and real estate developers with consulting services that help them with the overall strategic positioning and development and operation strategies of industrial parks.
- *City operations.* We rely on the latest research results in the industry to provide governments and real estate developers with highly integrated professional consulting services relating to city development and operation strategies, such as city development plans, operation model, and investment and economic budget for the development of new city areas.

For our consulting services, we generally enter into agreements with terms no more than one year. The service fee is charged at a pre-negotiated fixed amount determined based on the content of our consulting report, as well as the human resources and time we devoted in the provision of the consulting services. The service fee can be made in a lump sum or by instalments after certain specified project milestones.

In addition, we also provide comprehensive transaction advisory services to real estate developers to help them complete real estate transactions with other developers. The services we provide primarily include project related research and analysis, such as local real estate market research and strategic positioning of the development project, and transaction related facilitation services, such as searching interested purchasers of specific real estate development projects, as well as drafting, negotiating and executing transaction agreements. After execution of the transaction agreements and the settlement of transaction price, we receive commissions from the developer who engaged us.

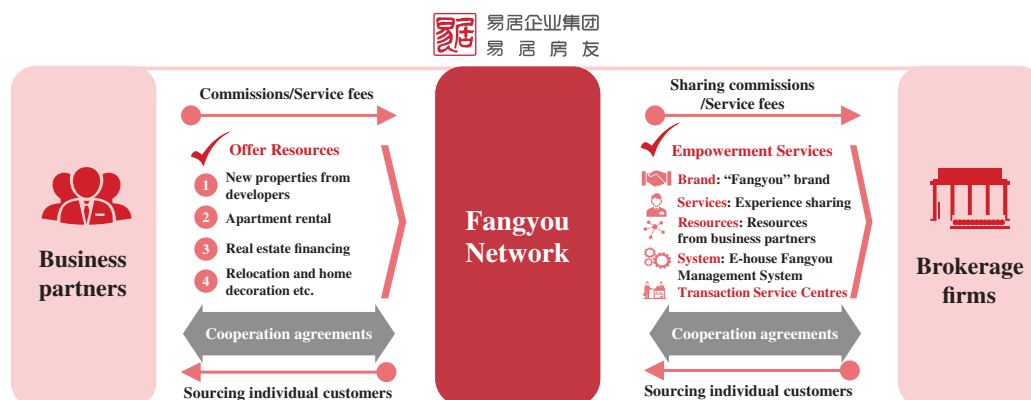
In addition to residential properties, we also offer transaction services relating to commercial properties. In January 2018, we launched a mobile app, YiLou, to streamline such services. YiLou is an information platform where potential sellers, through us, may post information relating to the commercial property to be sold. Agents of potential investors can access basic information of such real estate on a free basis through the YiLou app. Agents can also have access to more information of such property, such as detailed information of the seller and risk alerts relating to the property. If they are interested in any posting, agents can approach us. Upon request, our research team can issue an evaluation report regarding the property to facilitate their further decision-making and organise face-to-face discussion and negotiation. We do not charge any fees for posting information on the app but we will charge fees for issuing evaluation reports, and organising face-to-face discussion and negotiation.

Real Estate Brokerage Network Services

We launched our real estate brokerage network services under the “Fangyou” brand in January 2016 to integrate small and medium-sized real estate brokerage firms in China. We believe a large and active network of Fangyou-branded stores is an attractive value proposition to potential business partners in need of an effective marketing channel to reach a large number of individual customers. These business partners may include various vendors and service providers in the real estate and other related industries. As the first major initiative to generate revenue from the Fangyou network, we currently utilise the Fangyou network to source buyers of new properties for our developer customers. In the future, we may also explore other revenue sources through our Fangyou network, such as by offering apartment rental, real estate financing, relocation and home decoration provided by our business partners.

To attract small and medium-sized real estate brokerage firms to become Fangyou-branded stores, we empower them with resources and services they can use in their business operations. These small and medium-sized brokerage firms primarily provide real estate brokerage services in the secondary market, but may also provide real estate agency services in the primary market and other ancillary services if they have the relevant resources. Leveraging our full spectrum of resources within the industry and our brand recognition, we allow small and medium-sized real estate brokerage firms to carry out business under our “Fangyou” brand name, and to take advantage of our services and resources to provide more professional and efficient services to their individual customers, which eventually improves their overall competitiveness. As of 31 March 2018, we provided services to 5,211 Fangyou-branded stores in 32 cities across China.

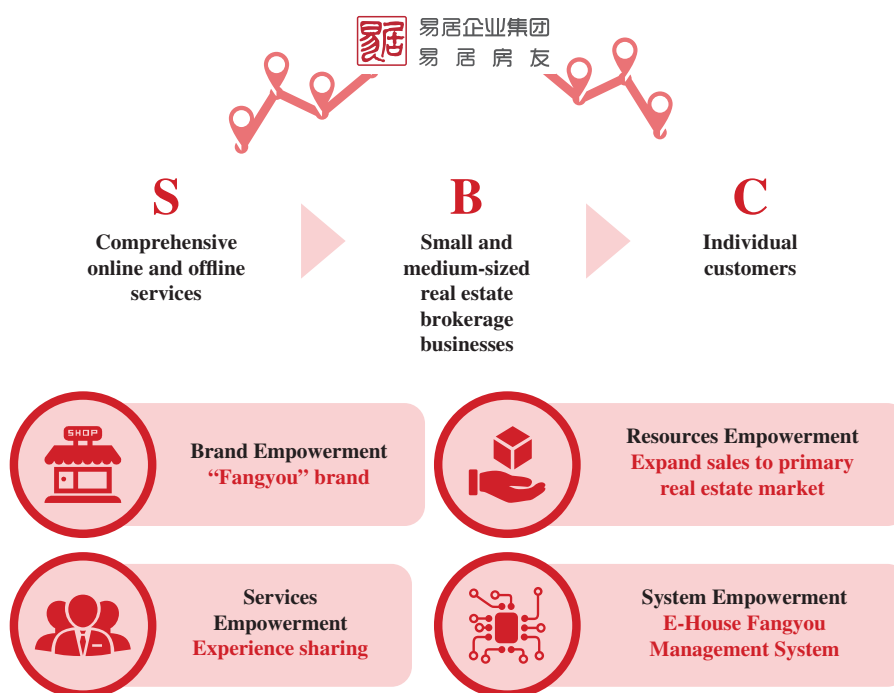
The following diagram illustrates how our Fangyou real estate brokerage network connect our business partners, real estate brokerage firms and their individual customers.



Note: Apartment rental service, real estate financing service and relocation and home decoration services are resources we plan to offer Fangyou-branded stores in the future.

Our services to real estate brokerage firms

We have adopted the “S2B2C” business model to attract real estate brokerage stores to become Fangyou-branded stores. That is, we provide comprehensive online and offline services (“S”) to small and medium-sized real estate brokerage businesses (“B”) to help them better serve their individual customers (“C”). Under this business model, we do not open our own real estate brokerage stores, nor do we directly carry out our own real estate brokerage business in the secondary market. In essence, we operate a service-based empowerment network that helps small and medium-sized real estate brokerage firms achieve success in the secondary real estate market and generate additional revenue from the primary real estate market.



Our cooperation agreements with Fangyou-branded stores generally have terms ranging from two to three years. Under these agreements, we authorise the brokerage firms to use the “Fangyou” brand, and we provide software, training and other related services. We do not charge the brokerage firms for these services, but we generally require them to pay a security deposit. We are entitled to deduct part or all of the security deposit in case of certain breaches by the brokerage firms, such as not using the “Fangyou” brand or using other brands to conduct their business, failure to redecorate stores with “Fangyou” signage, legal non-compliance or damaging the reputation of the “Fangyou” brand. We do not act as an agent or intermediary in any real estate transaction in the secondary market, and we do not have any contractual relationship with customers of Fangyou-branded stores, other than as a provider of transaction services if such customers complete their transactions at an E-House Real Estate Transaction Service Centre, as further described below.

We believe that our Fangyou network empowers small and medium-sized real estate brokerage firms mainly in the following respects:

- *Brand name.* We allow small and medium-sized real estate brokerage firms to use our “Fangyou” brand name to carry out their business. When a new store joins the “Fangyou” network, we decorate the store at our cost to ensure that the “Fangyou” logo is displayed properly and the store has an appearance that is consistent with other Fangyou-branded stores. We also encourage individual brokers to use the mobile apps we developed for real estate brokerage services in the secondary market and wear “Fangyou” uniforms to improve their professional image.
- *Services.* To help Fangyou-branded stores operate their business efficiently, we regularly share with them our experience in business operations and internal management. For example, we regularly hold information sharing sessions through which we share with them our interpretations on certain government policies and conduct case analysis.
- *Resources.* We make available various types of resources that are otherwise unavailable to our Fangyou-branded stores. A major resource is access to the primary real estate agency market. Leveraging our leading position and resources in the primary real estate agency market, we allow Fangyou-branded stores to expand their revenue source by selling real estate property units in the primary market. We also plan to offer our Fangyou-branded stores other resources, such as apartment rental, real estate financing, relocation and home decoration services provided by our business partners. Fangyou-branded stores can earn commissions by recommending these related services to the home buyers or sellers.
- *System.* Fangyou-branded stores also benefit from the E-House Fangyou Management System and related mobile apps we designed for Fangyou-branded stores. The E-House Fangyou Management System helps Fangyou-branded stores realize digitalized efficient management of various aspects of their business operations, such as property inventory management, financial management and human resources management. Related mobile apps help brokers manage their property inventory. They can upload pictures of the properties to the system on the go while taking customers to view the properties.

To enable Fangyou-branded stores to provide professional services to individual customers and facilitate real estate transactions in the secondary market, we have established E-House Real Estate Transaction Service Centres. We station professionally trained employees in these centres to help individual customers properly transfer property titles and complete transactions. These services allow Fangyou-branded stores to more effectively compete with self-owned and franchised stores in major brokerage chains, which generally enjoy infrastructural and service support from their parent companies or franchisors. When a real estate transaction in the secondary market is completed at an E-House Real Estate Transaction

Service Centres, we may charge service fees to the relevant brokerage firm or the individual customer. Such transaction service fees amounted to RMB3.1 million, RMB9.4 million and RMB3.0 million in 2016, 2017 and the three months ended 31 March 2018, respectively. Although transaction service fees represented only a small proportion of our revenue during the Track Record Period, we believe that E-House Real Estate Transaction Service Centres play an important role in the expansion of our Fangyou network, as they further enhance the brand image and reputation of Fangyou-branded stores and inspire trust among their individual customers. E-House Real Estate Transaction Service Centres serve as hubs where we provide real estate brokerage firms with comprehensive empowerment services. For example, we organise information sharing sessions to enhance the knowledge and expertise of brokerage firm employees at E-House Real Estate Transaction Service Centres. With the standardised, high quality services provided by these centres, we aim to attract more real estate brokerage firms to become Fangyou-branded stores and to increase the satisfaction and loyalty of existing Fangyou-branded stores. As of 31 March 2018, we had established 50 service centres in 27 cities.

Our services to business partners

We believe a large and active network of Fangyou-branded stores is an effective marketing channel that helps various vendors and service providers in the real estate and other related industries promote their products and services to individual customers. We charge commissions or other forms of service fees to our business partners for the marketing services provided by our Fangyou brokerage network.

Currently, we mainly generate revenue from our real estate brokerage network services by sourcing off-site buyers of new properties for our developer customers through real estate brokerage firms. These real estate brokerage firms include Fangyou-branded stores as well as other brokerage firms. Unlike Fangyou-branded stores, which benefit from our comprehensive empowerment services described above, the other brokerage firms cooperate with us only in the area of sourcing property buyers for the primary real estate market. In this area, the terms of our cooperation with Fangyou-branded stores and other real estate brokerage firms are largely the same. They earn commissions by sourcing potential off-site buyers and bringing them to the sales offices of our developer customers upon completion of a successful sale. These brokerage firms form a strong nationwide network and broaden our channels for selling property units in the primary real estate market.

Our Fangyou network operates its real estate sales in the primary market independently from our real estate agency division, and enters into its own agreements with real estate developers, charging separate commissions. Our agreements with real estate developers with respect to sales of real estate units in the primary market through our Fangyou brokerage network are entered into on a project-by-project basis and typically have short service terms of a few months. For our property buyer sourcing services provided to our developer customers through the Fangyou network, we usually receive commissions either at a fixed percentage or a progressive percentage based on our sales performance or at a fixed amount for each successful sale. Where commissions are based on a percentage of property value, the average

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commission rates are generally higher than the average commission rates for our real estate agency services in the primary market. Upon completion of a successful sale, we charge a real estate developer commissions for bringing off-site real estate buyers to the developer's sales office. Typically, 80% of such commissions are then paid to the relevant brokerage firms that facilitated the sales.

The buyer sourcing services provided by our Fangyou network are different from, and do not compete with, real estate agency services in the primary market, and commissions for such services are in addition to any commissions charged by the relevant real estate agent in the primary market, if any. For any new real estate sales project, a developer customer may use our real estate agency services to formulate and execute marketing and sales strategies, promote the project to prospective buyers, and facilitate contract signing and other aspects of sales transactions at the developer's on-site sales office. As part of a developer customer's marketing efforts, the developer may simultaneously engage our Fangyou brokerage network and/or real estate brokerage firms outside our Fangyou network to source potential buyers and bring them to the sales office. If a transaction facilitated by the Fangyou network is completed at the project site where our real estate agency services division is contracted to serve the developer for the same project, our real estate agency services division is generally entitled to separate commissions pursuant to the relevant agency agreement with the developer in addition to the commissions received by the Fangyou network.

The following table sets forth selected statistics related to new property units sold by our developer customers to buyers of new properties sourced by Fangyou-branded stores and other real estate brokerage firms for the periods indicated:

	For the Year Ended 31 December		For the three months ended 31 March
	2016	2017	2018
Number of new property units sold	1,064	2,093	527
Of which:			
By Fangyou-branded stores	612	1,194	290
By other real estate brokerage firms	452	899	237
Total GFA of new property units sold (thousands of square metres)	87.0	190.0	53.8
Average commission rate ⁽¹⁾	2.77%	2.24%	1.98%

Note:

(1) Excluding transactions where commissions are a fixed amount instead of a percentage of property value.

In 2017 and the three months ended 31 March 2018, we cooperated with brokerage firms mainly in three cities, Hangzhou, Shanghai and Zhengzhou, to source buyers of new properties for our developer customers. The number of Fangyou-branded stores increased from 4,075 in 22 cities as of 31 December 2017 to 5,211 in 32 cities as of 31 March 2018, and further to 7,051 in 52 cities as of 31 May 2018. We intend to replicate our success in more cities, and grow the number of Fangyou-branded stores to 10,000 in these 52 cities by the end of 2018. In addition, we intend to cooperate with brokerage firms in all these 52 cities to source buyers of new properties for our developer customers. In cities where the Fangyou network has established operations, we expect to benefit from word-of-mouth referrals by current Fangyou-branded stores that are satisfied with our services. We also expect to grow with current Fangyou-branded stores when their owners open additional stores to expand their businesses. In addition, our employees in these cities will continue to develop relationships with other small and medium-sized brokerage firms. In new cities we plan to enter, we plan to first conduct comprehensive research on the local real estate brokerage market. Based on market data, we plan to send our employees to visit target brokerage stores to discuss potential cooperation with their owners. We also plan to utilise our relationships with real estate industry associations and key opinion leaders to organise promotional events and introduce Fangyou's S2B2C business model to local real estate brokerage firms.

In the future, we may also explore other revenue sources through our Fangyou network, such as by offering apartment rental, real estate financing, relocation and home decoration services provided by our business partners. As individual customers of Fangyou-branded brokerage stores often require ancillary services before, during or after they complete a real estate transaction, our target business partners are service providers in the real estate and related industries that are in need of an effective marketing channel to reach a large number of individual customers. For example, we plan to develop cooperation relationships with national and regional home decoration service providers in the geographic markets where we operate our Fangyou network. We believe our Fangyou network can help them promote their services to real estate buyers, many of whom need home decoration services.

For our customer sourcing and promotional services, we plan to charge our business partners service fees, either in a fixed amount or a percentage of the transaction value depending on the nature of the service provided by the business partner and the relevant industry practice. We expect that a portion of service fees we receive from our business partners will be paid to the relevant brokerage firms.

For each new service area we enter, we generally plan to pilot the business in one or a few geographic markets and evaluate the costs and benefits before expanding to all geographic markets where we operate our Fangyou network. For each service area, we plan to first conduct in-depth research on the relevant market, through which we aim to identify the major players and their customer acquisition needs. Afterwards, we plan to approach service providers with good operational records to explore opportunities for cooperation. We also plan to take advantage of our existing business relationships with real estate developers and other customers to establish connections with these potential business partners. As of the Latest Practicable Date, our Fangyou network had not yet established any significant cooperation with business partners other than real estate developers.

Risk management

Although Fangyou-branded stores operate their businesses independently and do not serve individual customers on our behalf, their conduct may affect the reputation of the “Fangyou” brand and our business in general. See the section headed “Risk Factors – Risks Related to Our Business and Industry – If our employees or business partners engage in inappropriate or illegal conduct, our reputation could be harmed and we could be exposed to regulatory investigations, cost and liabilities.” As such, we have established certain standards and procedures for the selection of Fangyou-branded stores. We require each Fangyou-branded store to maintain its own valid business licence with a business scope covering real estate brokerage, sales, leasing and other related businesses permitted to be engaged in by real estate brokerage firms under applicable regulations. In addition, we conduct reviews on each Fangyou-branded store’s legal compliance and reputation in the local market. Our Directors confirm that during the Track Record Period, there was no inappropriate conduct of Fangyou-branded stores which led to a material and adverse effect on our business and results of operations.

In Wuhan, one of our subsidiaries providing real estate brokerage network services has entered into arrangements with several commercial banks in Wuhan to provide transitional guarantees for property buyers in the secondary real estate market. These transitional guarantees resulted in contingent liabilities of RMB85.3 million as of 31 December 2017 and RMB52.2 million as of 31 March 2018. Based on aforesaid and relevant laws and regulations, our PRC Legal Adviser is of the view that Wuhan Fangyou shall not be deemed as a company operating financing guarantee business and therefore is not required to obtain a financing guarantee business permit. See the sections headed “Financial Information – Contingent Liabilities” and “Risk Factors – Risks Related to Our Business and Industry – We provide guarantees for mortgage loans of property buyers in the secondary real estate market in Wuhan and may become liable to mortgagee banks if these buyers default on their mortgage payments.”

SALES AND MARKETING

We do not maintain a marketing team exclusively for marketing and advertising of our brand to enhance our brand recognition and attract developer customers or real estate buyers, primarily because we have established our brand recognition over the years of development and certain of our business activities have the natural effect of marketing and advertising of our brand. For example, we hold annual conferences to release certain industry rankings and research reports on various hot topics and sectors in the real estate industry. Although the primary purposes of this type of business activity are not marketing and advertising of our brand, it has an objective effect of brand promotion.

CUSTOMERS

Our customers are mainly real estate developers in China, from whom we have historically derived a significant majority of our revenue. Our customers also include banks, investors and government that use our real estate data and consulting services, as well as real estate brokerage firms and their customers that use our services provided at the E-House Real Estate Transaction Service Centres. See the subsection headed “Our Services” for details of terms of the agreements with our customers.

In 2015, 2016 and 2017 and the three months ended 31 March 2018, we generated revenue of RMB605.8 million, RMB1,074.2 million, RMB1,626.5 million and RMB314.5 million, respectively, from our single largest customer, Evergrande, representing 22.3%, 26.9%, 35.1% and 33.8% of our total revenue in the respective periods. During the same periods, we generated revenue of RMB860.4 million, RMB1,464.5 million, RMB2,045.2 million and RMB437.5 million, respectively, from our top five customers, representing 31.7%, 36.6%, 44.1% and 47.0% of our total revenue in the respective periods. All of our top five customers in 2015, 2016 and 2017 and the three months ended 31 March 2018 are real estate developers in China. On average they have over eight years of business relationship with us. As of the Latest Practicable Date, we had entered into strategic cooperation agreements with 46 leading real estate developers. For details of such agreements, see the subsection headed “– Our Services – Real Estate Agency Services in the Primary Market” above.

Some of our major customers are our Shareholders. Other than Evergrande and Vanke, which are our Shareholders each holding 15% of our Shares (prior to the Global Offering), none of our Directors, their respective close associates, or any Shareholder who, to the knowledge of our Directors, owns more than 5% of our issued capital, has any interest in any of our five largest customers during the Track Record Period and up to the Latest Practicable Date.

SUPPLIERS

During the Track Record Period, our largest suppliers were labour dispatch agencies as some of our PRC subsidiaries historically used a significant number of dispatched employees for their principal business activities. See the section headed “Risk Factors – Risks Related to Our Business and Industry – Failure to fully comply with PRC labour-related laws may expose us to potential penalties”. All of our five largest suppliers in 2015 and 2016 and four of our five largest suppliers in 2017 and the three months ended 31 March 2018 were labour dispatch agencies. Our labour dispatch agreements with labour dispatch agencies generally have a term of one to three years or have an indefinite term but can be terminated with prior notice. We pay labour dispatch agencies on a per-person and monthly basis. In addition, we usually transfer salary and social welfare amounts to be paid to a dispatched employee on a monthly basis to the relevant labour dispatch agency, which in turn is responsible for the payment of salary and social welfare to the dispatched employee. We can terminate the dispatch of certain workers under certain circumstances, such as incompetency for the job or material dereliction of duty which causes significant damages to us.

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Apart from labour dispatch agencies, our suppliers also include, among others, office space providers, renovation service providers, advertising companies, as well as real estate brokerage firms that assist us in the selling of real estate units in the primary market.

In 2015, 2016 and 2017 and the three months ended 31 March 2018, the purchases we made from the single largest supplier was RMB438.1 million, RMB536.0 million, RMB354.0 million and RMB55.2 million, representing 18.9%, 17.4%, 10.0% and 8.3% of our total purchases in each corresponding period. During the same periods, the purchases we made from the five largest suppliers was RMB1,017.6 million, RMB1,182.5 million, RMB592.1 million and RMB121.2 million, representing 43.9%, 38.4%, 16.7% and 18.1% of our total purchases in each corresponding period. During the Track Record Period, none of our suppliers was also our major customer. None of our Directors, their respective close associates, or any Shareholder who, to the knowledge of our Directors, owns more than 5% of our issued capital, has any interest in any of our five largest suppliers during the Track Record Period and up to the Latest Practicable Date.

RESEARCH AND DEVELOPMENT

As of 31 March 2018, we had a research and development team of 807 employees who conduct research, develop new products and upgrade existing products for all our business segments. In particular, our real estate data and consulting services segment accounted for 606 of the 807 employees. These 606 employees are primarily responsible for developing and maintaining our CRIC Systems. They are experienced in real estate, information technology and/or other related industries, and many of them hold bachelor's or higher degrees. Relying on our seasoned professional research and development team, we are able to develop in-house core technologies used in our products and develop products customised to the specific needs of our clients. As of 31 March 2018, we have obtained three patents granted by the State Intellectual Property Office of the PRC and registered 121 software copyrights in the PRC. Starting from 2008, Shanghai Zhuxiang Information Technology Co., Ltd., one of our subsidiaries, has been named consecutively as a "high and new technology enterprise". In 2015, 2016 and 2017 and the three months ended 31 March 2018, we spent RMB34.2 million, RMB35.8 million, RMB40.6 million and RMB12.7 million, respectively, on our research and development activities.

Our research and development team also supports the operations of our services. They are actively involved in project related studies both for internal use and for our clients. Our research staff also collect, compile and analyse market and project data to update and verify information on the CRIC Systems. They produce periodic and topical reports on a weekly, monthly and annual basis for distribution on our CRIC Systems. Our research team also developed the CRIC data marketing system and the CRIC investment decision-making system. These products not only directly serve our clients through our real estate data and consulting services, but also significantly improve the efficiency and effectiveness of our real estate agency services in the primary market.

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For our real estate brokerage network services, our research team has developed a comprehensive business management system suitable for real estate brokerage firms. This system supports brokerage firms' management of real estate transactions in the secondary market and sales in the primary real estate market. Apart from streamlining the management of property inventories and prospective customers with standardised procedures, it also realises the integration of the management of transactions, payments, commissions, and logistics.

COMPETITION

The real estate services industry in China is rapidly evolving, and is highly fragmented and competitive. Compared to real estate development, real estate services require a smaller commitment of capital resources. This relatively lower barrier to entry permits new competitors to enter our markets quickly and compete with us. Competition in the real estate services industry is primarily based on brand recognition, quality and breadth of services and overall client experience. While we face competition in each geographic market in which we operate, we believe none of our competitors offers as broad a range of services and geographic coverage as we provide in the real estate services market.

With respect to real estate agency services in the primary market, we compete with other major service providers with sales networks in multiple cities in China. In each geographic market where we have a presence, we also compete with local real estate agency service providers in the primary market. In the real estate data and consulting services market, we compete with both real estate information service providers and real estate consulting service providers in China. We offer our real estate brokerage network services with an innovative "S2B2C" business model, which we believe has not yet been successfully adopted by any major competitor in China. However, Fangyou-branded stores compete with established real estate brokerage firms in China. As the success of our business depends in part on the success of Fangyou-branded stores, we are impacted by the competition from these other real estate brokerage firms in China. Overall, we believe that none of our competitors is able to compete effectively with us in terms of the comprehensiveness and quality of services.

For more information on the competitive landscape of the industry and our market position, please see the section headed "Industry Overview" in this document.

AWARDS AND RECOGNITION

We have received numerous awards and recognitions since our establishment in recognition of the quality of the services we provide and the outstanding achievements of we have accomplished. The following table sets forth some of the significant awards and recognition we have received since 2015.

Year	Award/Recognition	Awarding Organisation	Awarded Entity
2017	Preferred Service Provider (Marketing and Agency Category) of Top 500 Real Estate Developers in China in 2017 (2017中國房地產開發企業500強首選服務商品品牌•營銷代理類)	China Real Estate Association (中國房地產協會), E-House China R&D Institute (上海易居房地產研究院), China Real Estate Appraisal Centre (中國房地產測評中心)	PRC Holdco

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Year	Award/Recognition	Awarding Organisation	Awarded Entity
2017	Employer Excellence of China in 2017 (2017年中國典範僱主)	51job.com (前程無憂)	PRC Holdco
2017	“Golden Bridge Award” for Data and Information Services Enterprises in 2016 (2016年度數據和信息服務企業“金橋獎”)	Shanghai Real Estate Brokerage Industry Association (上海市房地產經紀行業協會)	PRC Holdco
2017	“Golden Bridge Award” for Marketing and Agency Enterprises in 2016 (2016年度營銷代理企業“金橋獎”)	Shanghai Real Estate Brokerage Industry Association (上海市房地產經紀行業協會)	E-House Xiangyue
2017	“Golden Bridge Award” for Marketing and Agency Enterprises in 2015 (2015年度營銷代理企業“金橋獎”)	Shanghai Real Estate Brokerage Industry Association (上海市房地產經紀行業協會)	PRC Holdco
2016	“Employer Excellence of China” in 2016 (2016年中國典範僱主)	51job.com (前程無憂)	PRC Holdco
2016	Member Enterprise of the Sixth Council of Shanghai Software Industry Association (上海市軟件行業協會第六屆理事會會員)	Shanghai Software Industry Association (上海市軟件行業協會)	Shanghai CRIC Information Technology Co., Ltd. (上海克而瑞信息技術有限公司)
2016	Member Enterprise of the Seventh Council of Shanghai Software Industry Association (上海市軟件行業協會第七屆理事會會員)	Shanghai Software Industry Association (上海市軟件行業協會)	Shanghai CRIC Information Technology Co., Ltd. (上海克而瑞信息技術有限公司)
2016	“Outstanding Exhibiting Enterprise” of Shanghai Group in the 20th China International Software Expo (第二十屆中國國際軟件博覽會上海展團“優秀參展企業”)	Shanghai Municipal Commission of Economy and Informatization (上海市經濟和信息化委員會), Shanghai Software Industry Association (上海市軟件行業協會)	Shanghai CRIC Information Technology Co., Ltd. (上海克而瑞信息技術有限公司)
2016	“CRIC Data Marketing” Product was awarded Excellent Exhibition Product in the 20th China International Software Expo (第二十屆中國國際軟件博覽會上展出產品“CRIC數據營銷”榮獲優秀參展產品)	Shanghai Municipal Commission of Economy and Informatization (上海市經濟和信息化委員會), Shanghai Software Industry Association (上海市軟件行業協會)	Shanghai CRIC Information Technology Co., Ltd. (上海克而瑞信息技術有限公司)
2015	One of 100 Outstanding Enterprises in the Conversion of High and New Technologies in 2014 in Shanghai (2014年度上海市高新技術成果轉化項目百佳)	Shanghai Technology Innovation Centre (上海市科技創業中心), Shanghai Service Centre of High and New Technologies Conversion (上海市高新技術成果轉化服務中心), Shanghai Torch High-tech Industry Development Centre (上海市火炬高科技產業開發中心)	Shanghai CRIC Information Technology Co., Ltd. (上海克而瑞信息技術有限公司)

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EMPLOYEES

As of 31 March 2018, we had 20,004 full-time employees, all of whom were based in China. Our employees are based in our headquarters in Shanghai and various other cities in China according to our business strategies. The following table sets forth the number of our employees by function as of 31 March 2018:

Function	Number of Employees	% of Total
Sales and marketing.	17,773	88.9
Research and development.	807	4.0
Management, general and administrative	1,416	7.1
Total	20,004	100.0

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our retention strategy, we offer employees performance-based cash bonuses and other incentives in addition to base salaries.

We primarily recruit our employees through job fairs and other recruitment activities in universities, job search websites and referrals by current employees. We have established internal policies and procedures for the recruitment, training and evaluation of our employees. We place special emphasis on the training of our employees, whom we consider to be our most valuable assets. All newly hired employees must undergo intensive training during their probation. We also invite outside experts, including experts from the E-House Research and Training Institute, to provide ongoing training to our employees. We have put in place internal policies on allocating training resources, implementing training plans, and collecting feedbacks. We conduct annual performance evaluations for all employees and use both performance-based bonuses and job promotions as incentives to encourage good performance. We primarily rely on internal training provided by our in-house training professionals and senior employees. In addition, in relation to employee training programmes provided by external parties, we incurred expenses of RMB2.0 million, RMB5.2 million, RMB5.5 million and RMB0.8 million in 2015, 2016 and 2017 and the three months ended 31 March 2018, respectively.

We have established a labour union and our employees may join the labour union voluntarily. We believe that we maintain a good working relationship with our employees. To promote a healthy and vibrant working environment, we periodically organize recreational activities, such as basketball competitions and photography exhibition. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant labour disputes or any difficulty in recruiting staff for our operations.

For our real estate agency services in the primary market, we rely on our sales and marketing employees to promote and facilitate the sales of property units. We cannot fully control the interactions our employees have with prospective property buyers and other relevant parties. While we have adopted internal policies and have entered into relevant contracts to regulate the behaviour of our employees, if our employees nevertheless engage in inappropriate or illegal conduct, our reputation could be harmed. Furthermore, we could be held liable for actions taken by our employees, which could expose us to regulatory investigations and penalties. See the section headed “Risk Factors – Risks Related to Our Business and Industry – If our employees or business partners engage in inappropriate or illegal conduct, our reputation could be harmed and we could be exposed to regulatory investigations, cost and liabilities.” Our Directors confirm that during the Track Record Period, there was no improper conduct of our employees which led to regulatory investigations and penalties that had a material and adverse effect on our business and results of operations.

Dispatched Workers

As of 31 March 2018, our 20,004 employees included a total of 1,602 dispatched workers used by our PRC subsidiaries or branches, representing 8.0% of the our total workforce. Under the Interim Provisions on Labour Dispatch that became effective on 1 March 2014, the number of dispatched workers an employer uses may not exceed 10% of its total labour force and the employer has a two-year transition period to comply with such requirement. As of 31 March 2018, 11 of our PRC subsidiaries or branches had not complied with the requirement on the maximum number of dispatched employees. As of 15 June 2018, all of these 11 PRC subsidiaries or branches have completed the relevant remedial measures and become compliant with the labour dispatch requirement.

Social Welfare

As required by the PRC laws and regulations, we participate in the employee social welfare plan administered by local governments. Such plan consists of housing provident fund, pension, medical insurance, social insurance, maternity insurance and unemployment insurance. According to relevant PRC laws and regulations, the amount we are required to contribute for each of our employees under such plan should be calculated based on the employee’s actual salary level of previous year, and be subject to a minimum and maximum level as from time to time prescribed by local authorities.

Housing provident fund registration

Under applicable PRC law, a company is required to register with the relevant local housing provident fund administrative agency within 30 days from its establishment. As of the Latest Practicable Date, 106 of our PRC subsidiaries or branches, including three in the process of being deregistered, had not registered with local housing provident fund administrative agencies because they do not have any employees. According to our PRC Legal Adviser, based on enquiries made with relevant local housing provident fund administrative agencies, other than the three subsidiaries or branches in the process of being deregistered:

- local housing provident fund administrative agencies that have competent authority over 78 of these subsidiaries or branches do not accept registration applications from companies with no employees; and
- local housing provident fund administrative agencies that have competent authority over the remaining 25 subsidiaries or branches accept registration applications from companies with no employees but such companies can delay registration until they start to have employees without being subject to any fines.

If any of the abovementioned 103 subsidiaries or branches intends to have employees in the future, we will require it to register with the relevant local housing provident fund administrative agency as soon as practicable.

As advised by our PRC Legal Adviser, a company that fails to register with the local housing provident fund administrative agency may be ordered by the relevant agency to rectify such non-compliance within a prescribed period. If rectification is not completed within the prescribed period, the company may be subject to a fine ranging from RMB10,000 to RMB50,000. As of the Latest Practicable Date, none of our subsidiaries or branches had been ordered to rectify its non-compliance with the requirement to register with the relevant local housing provident fund administrative agencies.

The Directors are of the view that our non-compliance with the requirement to register with the local housing provident fund administrative agency has not had and will not have a material adverse impact on our business or results of operations for the following reasons: (i) as of the Latest Practicable Date, none of our subsidiaries or branches had been ordered to rectify its non-compliance with the requirement to register with the local housing provident fund administrative agency, (ii) our PRC Legal Adviser is of the view that the likelihood that we will be penalised by the relevant authorities for non-compliance with the requirement to register with the local housing provident fund administrative agency is relatively low based on enquiries made with relevant local housing provident fund administrative agencies, and (iii) even if the abovementioned 25 entities were ordered to register with the relevant local housing provident fund administrative agencies and could not do so within the prescribed time, the maximum penalty would be RMB1.25 million.

Housing provident fund contributions

Under applicable PRC law, a company is required to make housing provident fund contributions for its employees. During the Track Record Period, six of our subsidiaries or branches did not make housing provident fund contributions for employees who had been employed by them for less than one year or six months, as the case may be. As of 15 May 2018, all of the six entities had been making housing provident fund contributions for all of their employees.

Internal Controls for Employment Compliance

We have adopted internal policies to ensure compliance with various employment-related laws and regulations applicable to us. With respect to each of our PRC subsidiaries, we require our human resources department to calculate the ratio of the number of dispatched workers to the total number of workers on a monthly basis to ensure compliance with the relevant labour dispatch requirement in China. In addition, if any subsidiary or branch that currently does not have any employees starts to have employees in the future, or if we establish any new subsidiary or branch with employees in the future, we require them to register with the relevant social insurance and housing provident fund agencies within 30 days from the date it starts to have employees. Our legal department is responsible for supervising the establishment of new subsidiaries or branches as well as their compliance with licensing, registration and other applicable legal requirements.

INSURANCE

We maintain certain third-party liability insurance. We also make social insurance contributions for our employees and purchase supplemental health insurance for our mid-level management. In line with general industry practice, we do not maintain any business interruption insurance or product liability insurance, which are not mandatory under PRC laws. We do not maintain keyman life insurance, insurance policies covering damages to our network infrastructures or information technology systems or any insurance policies for our properties. For the risks related to our insurance coverage, please see the section headed “Risk Factors – Risks Related to Our Business and Industry – Our insurance coverage may not be sufficient.”

PROPERTIES**Owned Properties**

We own certain properties primarily because some of our real estate developer clients transfer certain properties they developed to meet a portion of their payment obligation under the marketing and sales agreements for our services. We own 40 properties in nine cities in China.

Leased Properties

As of the Latest Practicable Date, we had leased 165 properties primarily as our office space for our business operations in China, including six properties that were used for our headquarters in Shanghai.

For 39 of our leased properties, the landlords have not provided us with copies of building ownership certificates after our request for such certificates, and therefore we are unable to ascertain whether they are owners of these properties. For 32 of our leased properties, the landlords have not leased such properties in accordance with the intended use specified on the land use right certificate. As advised by our PRC Legal Adviser, the above issues with these leases may affect our continuing use of these properties.

For three of our leased properties, the relevant lease agreements have expired and have not been renewed. We are in the process of renewing these expired agreements.

We use the above-mentioned leased properties as office space. We believe that even if we have to move to other properties due to the landlords' potential title defects or improper use or our failure to renew the lease agreements, the relocation costs would be low given that we primarily use these leased properties as office space and there are many other available properties in places where we operate our business. Therefore, we believe there are no material adverse impacts on our business operations.

In addition, the lease agreements with respect to 127 properties we leased for our business operations have not been registered with the relevant PRC government authorities. As advised by our PRC Legal Adviser, failure to register such lease agreements with relevant PRC government authorities does not affect the effectiveness of those lease agreements, but the relevant PRC government authorities may order us to, within a prescribed time limit, register the lease agreements. Failure to do so may subject us to a fine ranging from RMB1,000 to RMB10,000 for each lease agreement. As of the Latest Practicable Date, we had not been ordered by any government authorities to register any lease agreements. If we were ordered to do so in the future, our PRC Legal Adviser is of the view that the relevant PRC government authorities will not impose penalties on us if we complete the registration procedure within the prescribed time limit.

As at 31 March 2018, (i) each of our property interests for non-property activities (as defined under Rule 5.01(2) of the Listing Rules) had a carrying amount less than 15% of our consolidated total assets, and (ii) each of our property interests for property activities (as defined under Rule 5.01(2) of the Listing Rules) had a carrying amount below 1% of our consolidated assets, and the total carrying amount of our property interests for property activities also did not exceed 10% of our consolidated assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which require a valuation report with respect to all our Group's interests in land or buildings.

BUSINESS

INTELLECTUAL PROPERTY

The “E-House” series of brands, our proprietary CRIC Systems and other intellectual property rights contribute to our competitive advantage in the real estate services industry in China. To protect our brands, our CRIC Systems and other intellectual property, we rely on a combination of trademarks, trade secret and copyright laws in China as well as imposing procedural and contractual confidentiality and invention assignment obligations on our employees, contractors and others. Certain of our software copyrights relate to our CRIC Systems.

As of the Latest Practicable Date, we had (i) four registered patents, (ii) 118 software copyrights, (iii) 247 registered trademarks in the PRC and three trademark registration applications in Hong Kong, and (iv) 52 registered domain names. For more information, please see the section headed “Further information about our business – Intellectual property rights” in Appendix IV.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any intellectual property infringement claims that had any material impact on our Group. For the risks that we may face in this respect, please see the section headed “Risk Factors – Risks Relating to Our Business and Industry – We may be subject to infringement claims or other claims involving intellectual property, which may be expensive to defend and may disrupt our business and operations.”

LICENCES AND PERMITS

The following table summarises the licences and permits that are material to our business operations.

Licence/Permit	Holder	Granting Authority	Grant Date	Expiry Date
Filing Certificate for Shanghai Real Estate Brokerage Entity	E-House Xiangyue	Shanghai Housing and Urban-Rural Construction Committee	19 May 2017	No expiration date
Filing Certificate for Hangzhou Real Estate Brokerage Entity	Hangzhou E-House Yongchuang Real Estate Brokerage Co., Ltd.	Hangzhou Housing Security and Real Estate Administration Bureau	3 July 2017	3 July 2019
Integrated into business licence	Shanxi E-House Jinyue Real Estate Brokerage Co., Ltd.	Taiyuan Real Estate Administration Bureau	1 June 2018	No expiration date but subject to annual inspection (2018 annual inspection passed)
Filing Certificate for Shanghai Real Estate Brokerage Entity	Shanghai Dacheng Real Estate Brokerage Co., Ltd.	Shanghai Putuo District Housing Security and Real Estate Administration Bureau	20 January 2017	No expiration date

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Licence/Permit	Holder	Granting Authority	Grant Date	Expiry Date
Filing Certificate for Xi'an Real Estate Brokerage Entity	Shaanxi E-House Real Estate Investment Consultancy Co., Ltd.	Xi'an Housing Security and Real Estate Administration Bureau	16 December 2015	No expiration date
Filing Registration Form for Chengmai County Real Estate Brokerage Entity	Hainan E-House Tourism Real Estate Brokerage Co., Ltd.	Chengmai County Housing Security and Real Estate Administration Bureau	18 December 2017	18 December 2018
Filing Certificate for Tianjin Real Estate Brokerage Entity	Tianjin E-House Jinyue Real Estate Brokerage Co., Ltd.	Tianjin Nankai District Real Estate Administration Bureau	15 June 2016	No expiration date
Filing Certificate for Real Estate Brokerage Entity	Henan E-House Real Estate Consultancy Co., Ltd.	Zhengzhou Housing Security and Real Estate Administration Bureau	13 February 2017	31 March 2019
Filing Certificate for Hefei Real Estate Brokerage Entity	Anhui E-House Jinyue Real Estate Sales and Marketing Co., Ltd.	Hefei Real Estate Administration Bureau	22 September 2017	21 September 2019
Filing Certificate for Nanjing Real Estate Brokerage Entity	Nanjing Jinyue Real Estate Sales Co., Ltd.	Nanjing Real Estate Administration Bureau	18 November 2015	18 November 2019
(Temporary) Filing Certificate for Jinan Real Estate Brokerage Entity	Jinan Jinyue Real Estate Brokerage Co., Ltd.	Jinan Housing Security and Real Estate Administration Bureau	20 December 2017	19 December 2018
Filing Certificate for Wuhan Real Estate Brokerage Entity	Wuhan E-House Investment Co., Ltd.	Wuhan Jiangnan District Housing Security and Real Estate Administration Bureau	13 March 2017	13 March 2019
Filing certificates for real estate brokerage entity with varying names	123 other subsidiaries and branches operating real estate brokerage business in China	Relevant local real estate administrative authorities	Various	Some with no expiration date, and others ranging from 26 July 2018 to 31 December 2021

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As of the Latest Practicable Date, three of our subsidiaries or branches engaging in real estate brokerage business had not obtained a filing certificates for real estate brokerage entity due to circumstances outside of our control. Specifically, the local real estate administrative authorities for one of these subsidiaries or branches, for the time being, were unable to accept any filing applications despite our attempted applications as the local filing procedures have not yet been formulated. For the other two subsidiaries or branches, our filing applications were being processed as of the Latest Practicable Date after the recent re-opening of the local filing systems. The revenue we generate from these three subsidiaries only accounts for a small fraction of our total revenue during the Track Record Period. According to our PRC Legal Adviser, based on its interviews with these local real estate administrative authorities, the three subsidiaries or branches are allowed by the relevant authorities to conduct real estate brokerage business without filing and without being subject to any administrative penalty. Save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, we had obtained all material licences, permits, approvals and certificates necessary to conduct our business operations from the relevant government authorities in the PRC, and such licences, permits, approvals and certificates remained in full effect. For the licenses or permits that are going to expire, we are in the process of renewing such licenses or permits.

HEALTH, SAFETY AND ENVIRONMENT MATTERS

We are a service provider and we rely on our employees to provide services to our clients. We do not operate any production facilities or otherwise impose any material threats to the environment. Therefore, we are not subject to significant health, safety or environmental risks. To ensure compliance with relevant laws and regulations, we would seek legal advice as appropriate and consider making adjustments to our internal policies from time to time. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance with health, safety or environmental regulations.

DATA PROTECTION

In the ordinary course of providing our real estate agency services in the primary market and real estate brokerage network services, we collect certain personal information voluntarily provided by prospective and actual property buyers. This information will be used mainly for two purposes: (i) sending updates to property buyers throughout the property purchasing transaction; and (ii) compiling sales summary table for developers' confirmation of successful sale of each property units. The information collected are stored in our internal sales management system, the access to which is strictly based on the scope of authority to limit unnecessary accesses to such property buyer information. Each of our relevant staff who is necessary to access such information has a user name and passcode to access the internal sales management system. All property buyer information is centrally managed by our IT department and stored in our cloud-based data centre. Our internal sales management system and our CRIC Systems are separate systems under independent management. We do not collect or store personal information of individuals (e.g. identity card numbers) in our CRIC Systems, nor do we use our internal property buyer databases to facilitate the provision of real estate data and consulting services.

A small number of customers of our CRIC Systems are located outside of the PRC, primarily including Hong Kong-based financial institutions and professionals conducting research on the PRC real estate industry. In addition, a very small number of property buyers

from whom we collect personal information for our internal property buyer databases are non-PRC citizens. As such, we may be subject to relevant overseas laws for the protection of personal information. However, given that (i) our overseas customers can only access our CRIC Systems, which do not contain personal information, (ii) we collect certain personal information for our internal property buyer databases solely within the PRC and not outside the PRC and such personal information is not accessible by customers of our CRIC Systems, including overseas customers, (iii) among property buyers from whom we collect personal information for our internal property buyer databases, only a very small fraction are non-PRC citizens; (iv) during the Track Record Period and up to the Latest Practicable Date, we had not received any investigations, penalties or reprimands from any relevant overseas regulators in relation to our collection, storage and use of the personal information of non-PRC citizens, (v) all our data are stored on servers located within the PRC and not outside the PRC, (vi) we do not collect personal information from customers of our CRIC Systems, whether they are based within or outside the PRC, and (vii) we have adopted relevant internal policies and implemented measures in relation to the collection, use and storage of personal information as described in further detail below, which are generally applicable to all personal information, including information we collected from non-PRC citizens, the Directors are of the view that the risks related to potential violation of overseas laws for the protection of personal data and their potential impact on our business are insignificant and remote. Nevertheless, we will continue to monitor the development of relevant overseas laws for the protection of personal data and demographic changes in prospective and actual property buyers by conducting monthly review of our internal property buyer databases. If we notice that citizens of a particular foreign country are entered into our internal property buyer databases, we will further enhance our internal procedures in accordance to the relevant data protection laws of that country in a timely manner.

We have adopted internal policies and implemented measures in relation to the collection, use and storage of personal information to ensure that we comply with the requirements under applicable laws and regulations. We have adopted internal security measures to prevent, detect and deal with potential issues relating to data leakage, security breach and unauthorised access to our systems and the data stored therein. Specifically, we require all of our employees to keep confidential personal information. Upon joining us, each employee has to sign relevant undertakings and pass our internal training and tests. For any employees who need to access our internal sales management system, an application has to be made based on our internal procedures and unauthorized copy or transmission of such information is strictly prohibited. In the case of change of position or termination of employment, access authorization will be revoked. Data collection and data storage are managed by different internal teams. We review our data back-up systems from time to time in order to ensure that they are well-maintained and functional. We take internal discipline measures, such as termination of employment, to penalise violation of our internal data protection policies. In the case of serious violations, we may also resort to legal measures.

Our Internal Control Consultant conducted a review on the design and implementation of our internal policies relating to IT systems, procedures and controls, and no material findings have been identified.

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Based on (i) an interview with relevant persons responsible for the operation of real estate data and consulting services, and (ii) an inspection on relevant interfaces of our CRIC Systems, our PRC Legal Adviser is of the view that (a) in the course of offering real estate data and consulting services, we do not require our customers to provide their personal information, and store such personal information, and thus we do not engage in the use and disclosure of personal information, and (b) we complied with relevant personal information protection laws in all material respects during the Track Record Period and up to the Latest Practicable Date.

Our Directors are of the view that our internal control systems are adequate and effective in ensuring compliance with relevant personal information protection laws based on (i) the segregation between our internal sales management system and our commercially available CRIC Systems, (ii) our comprehensive measures for safeguarding personal information and preventing their abuse by our employees, (iii) lack of material findings by our Internal Control Consultant with respect to our internal policies relating to IT systems, procedures and controls, and (iv) the opinions of our PRC Legal Adviser described above.

Having considered (i) the Directors' view as stated above, (ii) the PRC Legal Adviser's view as stated above, and (iii) based upon the due diligence work conducted by the Joint Sponsors which includes (a) reviewing the relevant documents in relation to the Group's internal policies and measures on the collection, use and storage of personal information, (b) discussions with the management of the Group on the above internal policies and measures, (c) discussions with the Company's Internal Control Consultant on the relevant internal control systems and (d) reviewing the report of the Company's Internal Control Consultant, the Joint Sponsors concur with the Directors' view stated above that the Group's internal control systems are adequate and effective in ensuring compliance with relevant personal information protection laws.

LEGAL PROCEEDINGS AND COMPLIANCE

We are involved in legal or other disputes in the ordinary course of our business. Most of the legal proceedings are contract claims initiated by us to enforce our rights entitled under the contracts. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance. We have not incurred legal costs and expenses in connection with such proceedings that are significant in the context of our overall operating results.

We are primarily regulated by state and local housing administrative authorities. These regulatory authorities conduct inspections from time to time. Our Directors confirm that during the Track Record Period, there was no non-compliance incidents which led to regulatory actions and penalties that had a material and adverse effect on our business and results of operations. For the non-compliance incidents disclosed in “– Employees” and “– Properties” above, we have implemented corresponding remedial measures and certain precautionary measures to prevent the reoccurrence of those non-compliance incidents.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

Risk management is critical to the success of our business. We have put in place internal risk management policies for our business operations.

Key risks in our daily operations include changes in general market conditions and the regulatory environment of the PRC real estate market, available financing to support our growth, competition from other real estate services companies and our ability to manage our growth. See the section headed “Risk Factors” for a discussion of various risks and uncertainties we face. We also face various market risks. In particular, we are exposed to interest rate, foreign currency, credit and liquidity risks that arise in the normal course of our business. See the section headed “Financial Information – Qualitative and Quantitative Disclosure about Market Risks” for a discussion of these market risks.

In order to meet these challenges, we have established the following structures to manage our risks:

- Our Board is responsible for and has the general power to manage the operations of our Company, and is in charge of managing the overall risks of our Group. It is responsible for considering, reviewing and approving any significant business decision involving material risk exposures, such as our decision to expand into new real estate service markets, adopt new business model, expand our Fangyou brokerage network into new geographical areas, and enter into strategic cooperation relationships with certain of our developer customers.
- Our business management department for each of our business lines is responsible to managing risks involved in the daily operations of our businesses. In addition, we also have supporting departments responsible for managing certain specific risks, such as legal compliance risks and information risks.
- We have also established an internal audit department, which is responsible for our internal audit and compliance. The internal audit department is independent from other departments and directly reports to our Board.

Internal Control

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. We have engaged an independent internal control consultant (the “**Internal Control Consultant**”) to conduct a review of our internal control system during the period from December 2016 to November 2017. The Internal Control Consultant has conducted review procedures on our internal control system based on the agreed scope, which includes revenue, purchase, fixed assets management, human resources, financial management and information technology. The Internal Control Consultant conducted on-site work in January 2018 and provided a number of findings and recommendations in its report. Material findings primarily include:

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- deficiencies in internal rules and procedures, such as the lack of internal rules and procedures relating to, among others, (i) interactions with government officials, (ii) anti-money laundering, and (iii) consistent and unified management of related-party information; and
- employment related deficiencies, such as violation of regulatory requirements on labour dispatch, housing provident fund registration and contribution.

The internal control findings identified by the Internal Control Consultant did not result in any material misstatement to our consolidated financial information prepared in accordance with IFRS during the Track Record Period as set out in Appendix I after certain appropriate adjustments were made to address those internal control deficiencies.

We have subsequently taken remedial actions in response to such findings and recommendations:

- we have formulated relevant internal rules and procedures based on our Internal Control Consultant's recommendations, such as Principles of Enterprise-Government Relations, Anti-Money Laundering Policies, E-House Related-Party Management Rules; and
- for actions we have taken with respect to employment related deficiencies, please see section headed "Business – Employee – Internal Controls for Employment Compliance".

The Internal Control Consultant performed follow-up procedures on our Company's system of internal control with regard to those actions taken by our Company and reported further commentary in April 2018. As of the Latest Practicable Date, we confirm that there were no material internal control findings outstanding.

We have established an internal control function on the group level responsible for monitoring our on-going compliance with the relevant PRC laws and regulations that govern our business operations and overseeing the implementation of any necessary measures. In addition, we plan to provide our Directors, senior management and employees involved with continuing training programme and/or updates regarding the relevant PRC laws and regulations on a regular basis with a view to proactively identifying any concerns and issues relating to potential non-compliance. Our chief financial officer and a joint company secretary, Mr. Zhou Liang, is responsible for ensuring our overall on-going compliance.

REGULATIONS

As our business is primarily conducted in China, we are subject to various laws and regulations of the PRC that are material to our operations and are set forth below.

LAWS AND REGULATIONS CONCERNING FOREIGN INVESTMENT

Company law

The Company Law of PRC (中華人民共和國公司法) (the “**Company Law**”) was promulgated by the Standing Committee of National People’s Congress (the “**NPCSC**”) on 29 December 1993, which became effective on 1 July 1994, and was subsequently revised on 25 December 1999, 28 August 2004, 27 October 2005 and 28 December 2013. Companies with limited liability and stock limited companies established in China shall be subject to the Company Law. Foreign invested companies are also subject to the Company Law, except as otherwise provided in the foreign investment laws including the Law of the PRC on Wholly Foreign-owned Enterprise (中華人民共和國外資企業法) (the “**WFOE Law**”).

Foreign investment enterprise law

The WFOE Law was promulgated and implemented on 12 April 1986, and was revised on 31 October 2000. In addition, the Implementation Details for the Wholly Foreign-owned Enterprise Law of PRC (中華人民共和國外資企業法實施細則) (the “**Implementation Details for the WFOE Law**”) was promulgated and implemented on 28 October 1990, and was revised on 12 April 2001 and 19 February 2014.

According to the WFOE Law and the Implementation Details for the WFOE Law, Wholly Foreign-owned Enterprises (i) are legal entities and capable of undertaking civil responsibilities, and have civil rights and the right to independently own, use and sell the property; and (ii) must conform to stipulations concerning the registered capital (including that the registered capital must be paid by the foreign investors, with the amount agreed by the foreign investor to pay as the upper limit), foreign exchange management, accounting, taxation, employment and other matters.

The NPCSC promulgated on 3 September 2016 and implemented on 1 October 2016 the Decisions on Modifying the Four Laws Including the Law for Foreign Companies (全國人民代表大會常務委員會關於修改<中華人民共和國外資企業法>等四部法律的決定) by the NPCSC (the “**Decisions**”), which modifies relevant articles for administrative approval to change “foreign-invested companies beyond the special management measures enacted by the country shall be established upon approval” into “foreign-invested companies beyond the special management measures enacted by the country shall be established upon filing for management”.

The Ministry of Commerce of PRC (the “**Ministry of Commerce**”) promulgated on 8 October 2016 and revised on 30 July 2017 and 29 June 2018, respectively, the Provisional Methods for Filing Management for Establishment and Changing of Foreign-invested Companies (外商投資企業設立及變更備案管理暫行辦法) (the “**Provisional Methods for**

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Filing Management”). According to the Provisional Methods for Filing Management, for changes to foreign-funded investor companies beyond the access to special management measures stipulated by the country, representatives or entrusted agents appointed by the foreign-funded investor companies shall fill in and submit online the Application for Filing of Changes of Foreign-funded Investor Companies and relevant documents through the integrated management system to transact the procedures for change filing within 30 days upon the occurrence of the changes.

Catalogue for the Guidance of Foreign Investment Industries

Investments in the PRC by foreign investors are regulated by the Guidance Catalog of Industries for Foreign Investment (外商投資產業指導目錄) (the **“Foreign Investment Catalogue 2017”**), the latest version of which was promulgated by the National Development and Reform Commission (the **“NDRC”**) and the Ministry of Commerce (the **“MOFCOM”**) on 28 June 2017 and became effective on 28 July 2017. The Catalogue has been a longstanding tool used by policymakers of the PRC to manage direct foreign investment. The Foreign Investment Catalogue 2017 is divided into the encouraged industries, the restricted industries and the prohibited industries for foreign investment, and industries which are not listed in the Foreign Investment Catalogue 2017 shall be categorised as the permitted industries for foreign investment. In June 2018, the list of restricted industries and prohibited industries in the Foreign Investment Catalogue 2017 were amended through the promulgation of Special Administrative Measures for the Admission of Foreign Investment (Negative List) (2018) (the **“Negative List 2018”**) on 28 June 2018 which will become effective on 28 July 2018. According to the Foreign Investment Catalogue 2017 and the Negative List 2018, the industry in which our PRC subsidiaries are primarily engaged does not fall into the category of restricted or prohibited industries.

REGULATIONS CONCERNING THE AGENCY FOR REAL-ESTATE

Establish real-estate agencies

The NPCSC issued on 5 July 1994 and implemented on 1 January 1995, and successively modified on 30 August 2007 and 27 August 2009 the Management Methods for Urban Real-estate of PRC (中華人民共和國城市房地產管理法) (the **“Real-estate Management Methods”**). According to the Real-estate Management Method, the real-estate intermediary agencies include real-estate consultation agencies, real-estate valuation agencies and real-estate brokerage agencies. Real-estate intermediary agencies are required to have: (a) their own names and organisational structure; (b) fixed premises to offer services; (c) necessary property and fund; (d) adequate number of professionals; and (e) other conditions stipulated by laws and administrative regulations. The establishment of a real estate intermediary service agency shall apply to the administration for industry and commerce for registration and a business licence before it goes into operation.

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Real estate sales agents

The Ministry of Housing and Urban-rural Development promulgated on 4 April 2001 and implemented on 1 June 2001 the Management Methods on Commercial Houses (商品房銷售管理辦法). When real-estate developers entrust intermediary agencies to sell commercial houses, the entrustee agencies need to be those legally incorporated and granted industrial and commercial business licences. The real-estate developers shall sign written-form commissioning contract with the intermediary agencies to specify the commissioning period, commissioning rights, and rights and obligations of the client and entrustee. The entrusted intermediary agencies shall present the buyer relevant certificates and selling commissioning letter of the commercial houses. The entrusted intermediary agencies shall never sell non-conforming commercial houses. The entrusted intermediary agencies are never allowed for any charges beyond the commission when selling the commercial houses. Only those salespersons that have undergone professional training are allowed to engage in the commercial house selling business.

According to the Administrative Measures for Real Estate Brokerage (房地產經紀管理辦法) as promulgated on 20 January 2011 and implemented on 1 April 2011, and revised on 1 March 2016 and implemented on 1 April 2016 by the Ministry of Housing and Urban-rural Development, NDRC and Ministry of Human Resources and Social Securities, the real-estate brokerage services shall be uniformly undertaken by real-estate brokerage agencies, with the service remunerations collected by the agencies collectively. Branches shall undertake businesses in the name of the parental real-estate agencies. Real-estate agents are never allowed to undertake agent services in his/her own name. Real-estate agencies and agents are never allowed to: (a) counterfeit and disseminate the price-up information, or gang up with real-estate developers or operators to reserve premises for higher price and manipulate the market price; (b) conceal the real housing transaction information from the interested parties, and earn price discrepancies between lower buy-in price and higher sell-out (rent) price; (c) solicit business through improper means such as concealing, fraud, coercing or bribing, or lure/force consumers into transaction; (d) disclose or improperly use the personal information/business secret of the client to seek unjust profits; (e) for illegal purposes such as evasion of property transaction tax, sign contracts of different prices for the same house; (f) change the internal structure of the house and divide them for rental; (g) embezzle and misappropriate the property transaction capital; (h) buy or rent his/her own agent house; (i) offer brokerage services to non-conforming indemnificatory houses or prohibited-for-sales houses; and (j) conduct other behaviours prohibited by laws and regulations.

According to the Opinions on Strengthening the Management over Real-estate Agencies to Promote Healthier Development of the Industry (關於加強房地產中介管理促進行業健康發展的意見) as promulgated and implemented on 29 July 2016 by the Ministry of Housing and Urban-rural Development, NDRC, Ministry of Industry and Information Technology (the “MIIT”), People’s Bank of China, State Administration of Taxation, State Administration for Industry & Commerce and China Banking Regulatory Commission, governmental departments impose stricter supervision upon real-estate sales agencies. Such agencies are required to check the ownership right information of the house and the identity identification for the client before

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publicising the house availability information. Upon approval of the client, the agent shall check the house ownership information in the real-estate competent department and prepare specification of the house conditions. Real-estate competent department at city and county levels shall comprehensively promote the system of online signing of transaction contracts for houses in stock. Intermediary agencies which completed filings are qualified for online signing of transaction contracts for houses in stock. Real-estate competent department at city and county levels shall establish a supervisory system for transactional capital of houses in stock. Intermediary agencies are prohibited collecting/paying transaction capital through accounts beyond the supervision account, or embezzling/misappropriating the transaction capital.

Occupational Qualification and Examination for Real-Estate Brokers

Real-estate agents referred to in the Management Methods on Real-estate Agent Service mean real-estate brokers and the associates of these brokers involved in real-estate brokerage services. Real-estate brokers shall follow the occupational qualification system of the country, which is under the collective management and planning of professional technician qualification examination system of the country. The occupational examination for real-estate broker associates and the real-estate broker are evaluated with a national examination system under the charge of the real-estate brokerage industry organisation. The Ministry of Housing and Urban-rural Development and the Ministry of Human Resources and Social Securities shall provide guidance, supervision and inspection to the occupational examinations for the real-estate brokerage associates and real-estate brokers. In 1 March 2016, the Decision on Amending the Administrative Measures for Real Estate Brokerage (關於修改房地產經紀管理辦法的決定) was made by Ministry of Housing and Urban-rural Development, National Development and Reform Commission and Ministry of Human Resources and Social Security, which entitled the Real estate brokerage association to be responsible for management and implementation of the unified examination work on occupational qualifications of real estate brokers and assistants.

According to the Provisional Stipulations on Occupational Qualification System for Professional Real-estate Agents (房地產經紀專業人員職業資格制度暫行規定) and the Implementation Methods for Occupational Qualification Examinations for Professional Real-estate Agents (房地產經紀專業人員職業資格考試實施辦法) as promulgated on 25 June 2015 and implemented on 1 July 2015 by the Ministry of Human Resources and Social Securities and the Ministry of Housing and Urban-rural Development, passing the occupational qualification examinations for real-estate broker assistants and real-estate broker and gaining relevant level of certificate mean that they are qualified to be involved in relevant real-estate brokerage businesses. When passing the occupational qualification examinations for real-estate broker assistants and real-estate brokers, the examination takers will get the Occupational Qualification Certificate for Professional Real-estate Brokers in PRC of according level, which is issued by China Real Estate Appraisers and China Real Estate Agents, supervised by the Ministry of Human Resources and Social Securities and the Ministry of Housing and Urban-rural Development, and sealed by China Real Estate Appraisers and China Real Estate Agents. The Occupational Qualification Certificate is valid on a national scale.

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Filing for real-estate brokerage service

As stipulated in the Management Methods on Real-estate Agent Service, filing for real-estate brokerage services shall be open to the public. The real-estate brokerage agencies and their branches shall file with the construction (real-estate) supervising department of the local municipality/city/county within 30 days after obtaining the business license. The construction (real-estate) supervising department of the local municipality/city/county shall publicise the name, residence, legal representative (executive partner) or responsible person, registered capital and real-estate brokers of the agencies and their branches.

According to various local regulations concerning the filing for real-estate brokerage services, the real-estate agencies filing the real-estate brokerage services shall: (a) possess the business licence; and (b) own a certain minimum number of real-estate brokers with the occupational qualification certificates.

LAWS AND REGULATIONS CONCERNING THE NON-COMMERCIAL INTERNET INFORMATION SERVICE

According to the Management Methods on Internet Information Services (互聯網信息服務管理辦法) promulgated on 25 September 2000 and amended on 8 January 2011 by the State Council, the Internet information services are divided into services of a commercial nature and services of a non-commercial nature. The non-commercial internet information services refers to non-compensatory services which supply through the internet to online users information which is open to and shared by the general public. The non-commercial Internet service is subject to the filing system. The practitioners shall transact filing procedures in the telecommunication management organs at the local province, autonomous region and municipality or the information industry supervising department of the State Council.

According to the Filing Management Methods on Non-commercial Internet Information Service (非經營性互聯網信息服務備案管理辦法) promulgated on Feb. 8, 2005 and implemented on 20 March 2005 by the MIIT, practitioners scheduled to get involved in the non-commercial Internet information services shall fill in the Filing Registration for Non-Commercial Internet Information Services through the filing management system to fulfil the filing procedures. The Group's non-commercial internet information services primarily include (i) providing information on its subsidiaries and services via its websites, and (ii) providing certain data and consulting services without charge via its cricbigdata.com and wishbuild.com websites. Via cricbigdata.com, the Group provides real estate pricing and rating information to individual consumers. The Group believes that cricbigdata.com further increases the reputation and influence of its CRIC Systems. Via wishbuild.com, the Group provides real estate developers and architecture firms with information on construction materials and architectural technology, which is primarily sourced from suppliers of construction materials. The Group believes that wishbuild.com helps promote its Zhuxiang system among potential customers. See the section headed "Business – Our Services – Real Estate Data and Consulting Services – Data services – (4) Zhuxiang system" for further detail. As these online services are provided free of charge, the Group did not derive any revenue from

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them during the Track Record Period and these two websites did not have a material impact to the Group's business during the Track Record Period. As non-commercial internet information services providers, the relevant entities of the Group, such as PRC Holdco, have completed the such filling procedures accordingly.

Certain of our PRC subsidiaries provide non-commercial internet information services via our websites and mobile apps (including mobile apps we designed for Fangyou-branded stores). According to our PRC Legal Adviser, these websites and mobile apps are deemed to be non-commercial internet information services because they either provide information on our Group and our services or provide certain services to users without charge. Therefore, our PRC Legal Adviser is of the view that operating these websites and mobile apps does not require any specific license and is not subject to any restriction on foreign investment.

LAWS AND REGULATIONS ON FOREIGN EXCHANGE

Foreign Exchange Administration

The Administrative Regulations on Foreign Exchange of the PRC (中華人民共和國外匯管理條例) (the “**Foreign Exchange Administrative Regulations**”), promulgated by the State Council on 29 January 1996 and amended on 5 August 2008, constitute an important legal basis for the PRC governmental authorities to supervise and regulate foreign exchange. On 20 June 1996, People's Bank of China (the “**PBOC**”) further promulgated the Administrative Provisions on the Settlement, Sales and Payment of Foreign Exchange (結匯、售匯及付匯管理規定) (the “**Settlement Provisions**”).

Pursuant to the Foreign Exchange Administrative Regulations and the Settlement Provisions, RMB is generally freely convertible to foreign currencies for current account transactions (such as trade and service-related foreign exchange transactions and dividend payments), but not for capital account transactions (such as capital transfer, direct investment, securities investment, derivative products or loans), except where a prior approval from the SAFE and/or its competent local counterparts is obtained. The foreign-invested enterprises in the PRC may buy, sell or remit foreign currencies at the banks authorized to conduct foreign exchange business after providing valid commercial supporting documents and, in the case of capital account item transaction, obtaining approval from SAFE.

In August 2008, SAFE issued the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises (關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知) (the “**SAFE Circular 142**”), which provides that the RMB capital converted from foreign currency registered capital of a foreign-invested enterprise may only be used for purposes within the business scope approved by the applicable government authority and may not be used for equity investments within the PRC.

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On 19 November 2012, SAFE promulgated the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知) (the “**Circular 59**”), which became effective on 17 December 2012 and was amended on 4 May 2015. Circular 59 substantially amends and simplifies the current foreign exchange procedure. The major developments under Circular 59 are that the opening of various special purpose foreign exchange accounts (e.g. pre-establishment expenses account, foreign exchange capital account and guarantee account) no longer requires the approval of SAFE. Furthermore, multiple capital accounts for the same entity may be opened in different provinces, which was not possible before the issuance of Circular 59. Reinvestment of RMB proceeds by foreign investors in the PRC no longer requires SAFE’s approval.

On 11 May 2013, SAFE promulgated the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents(關於印發<外國投資者境內直接投資外匯管理規定>及配套文件的通知) which became effective on 13 May 2013 and specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by way of registration. Institutions and individuals shall register with SAFE and/or its branches for their direct investment in the PRC. Banks shall process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

On 30 March 2015, SAFE released the Notice on the Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (關於改革外商投資企業外匯資本金結匯管理方式的通知) (the “**SAFE Circular 19**”), which came into force and superseded SAFE Circular 142 from 1 June 2015. On 9 June 2016, SAFE further promulgated the Circular on the Reform and Standardization of the Management Policy of the Settlement of Capital Projects (關於改革和規範資本項目結匯管理政策的通知) (the “**SAFE Circular 16**”). SAFE Circular 19 has made certain adjustments to some regulatory requirements on the settlement of foreign exchange capital of foreign-invested enterprises, and some foreign exchange restrictions under SAFE Circular 142 are expected to be lifted. Under SAFE Circular 19 and SAFE Circular 16, the settlement of foreign exchange capital by foreign invested enterprises shall be governed by the policy of foreign exchange settlement at will. However, SAFE Circular 19 and SAFE Circular 16 also reiterate that the settlement of foreign exchange shall only be used for purposes within the business scope of the foreign invested enterprises and following the principles of authenticity. Considering that SAFE Circular 19 and SAFE Circular 16 are relatively new, it is unclear how they will be implemented and there exist high uncertainties with respect to their interpretation and implementation by authorities.

SAFE Circular 37

SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents’ Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (the “**SAFE Circular 37**”) on 4 July 2014, which replaced the former

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circular commonly known as “SAFE Circular 75” promulgated by SAFE on 21 October 2005. SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents’ legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a “special purpose vehicle”. SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Furthermore, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

On 13 February 2015, SAFE released the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) (the “**SAFE Circular 13**”), which became effective from 1 June 2015. According to SAFE Circular 13, local banks shall examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration under SAFE Circular 37. However, there exist high uncertainties with respect to its interpretation and implementation by governmental authorities and banks.

LAWS AND REGULATIONS ON TAXATION

Income Tax

Because we carry out our PRC business operations through operating subsidiaries organized under the PRC law, our PRC operations and our operating subsidiaries in China are subject to PRC tax laws and regulations, which indirectly affect your investment in our shares.

Pursuant to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the “**EIT Law**”) promulgated by the National People’s Congress on 16 March 2007, which became effective from 1 January 2008, the income tax rate for both domestic and foreign-invested enterprises is 25% commencing from 1 January 2008 with certain exceptions. Enterprises that are recognized as high and new technology enterprises in accordance with the Notice of the Ministry of Science, the Ministry of Finance (the “**MOF**”) and the SAT on Amending and Issuing the Administrative Measures for the Determination of High and New Tech Enterprises (科技部、財政部、國家稅務總局關於修訂印發<高新技術企業認定管理辦法>的通知) are entitled to enjoy the preferential enterprise income tax rate of 15%. The validity period of the high and new technology enterprise qualification shall be three years from the date of issuance of the certificate of high and new technology enterprise. The enterprise can re-apply for such recognition as a high and new technology enterprise before or after the previous certificate expires.

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In order to clarify certain provisions in the EIT Law, the State Council promulgated the Implementation Rules of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例) (the “**EIT Implementation Rules**”) on 6 December 2007, which became effective on 1 January 2008. Under the EIT Law and the EIT Implementation Rules, enterprises are classified as either “resident enterprises” or “non-resident enterprises”. Pursuant to the EIT Law and the EIT Implementation Rules, besides enterprises established within the PRC, enterprises established outside China whose “de facto management bodies” are located in China are considered “resident enterprises” and subject to the uniform 25% enterprise income tax rate for their global income. In addition, the EIT Law provides that a non-resident enterprise refers to an entity established under foreign law whose “de facto management bodies” are not within the PRC but which have an establishment or place of business in the PRC, or which do not have an establishment or place of business in the PRC but have income sourced within the PRC.

Withholding Income Tax and Tax Treaties

The EIT Implementation Rules provide that since 1 January 2008, an income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident enterprise investors that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC. The income tax on the dividends may be reduced pursuant to a tax treaty between China and the jurisdictions in which our non-PRC shareholders reside.

Pursuant to an Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) (the “**Double Tax Avoidance Arrangement**”), and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority having satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (關於執行稅收協定股息條款有關問題的通知) issued on 20 February 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. On 3 February 2018, the SAT issued the Announcement on Certain Issues Concerning the Beneficial Owners in a Tax Agreement (關於稅收協定中“受益所有人”有關問題的公告) (the “**Circular 9**”), which provides guidance for determining whether a resident of a contracting state is the “beneficial owner” of an item of income under China’s tax treaties and similar arrangements. According to Circular 9, a beneficial owner generally must be engaged in substantive business activities and an agent will not be regarded as a beneficial owner and, therefore, will not qualify for these benefits.

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Value-Added Tax

Pursuant to the Provisional Regulations on Value-Added Tax of the PRC (中華人民共和國增值稅暫行條例) promulgated by the State Council on 13 December 1993 and subsequently amended on 10 November 2008, 6 February 2016 and 19 November 2017 respectively, and its Implementation Rules (中華人民共和國增值稅暫行條例實施細則) promulgated by the MOF on 25 December 1993 and amended on 15 December 2008 and 28 October 2011 respectively, tax payers engaging in sale of goods, provision of processing services, repairs and replacement services or importation of goods within the territory of the PRC shall pay value-added tax (the “VAT”).

On 16 November 2011, the MOF and the SAT jointly promulgated the Pilot Plan for Levying Value-Added Tax in Lieu of Business Tax (營業稅改徵增值稅試點方案). Starting from 1 January 2012, the PRC government has been gradually implementing a pilot program in certain provinces and municipalities, to levy a 6% VAT on revenue generated from certain kinds of services in lieu of the business tax.

On 23 March 2016, the MOF and the SAT jointly issued the Circular of Full Implementation of Business Tax to Value-added Tax Reform (關於全面推開營業稅改徵增值稅試點的通知) (the “**Circular 36**”) which confirms that business tax will be completely replaced by VAT from 1 May 2016.

Urban Maintenance and Construction Tax and Education Surcharges

According to the Circular of the State Council on Unifying the System of Urban Maintenance and Construction Tax and Education Surcharge Paid by Domestic and Foreign-invested Enterprises and Individuals (國務院關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知) promulgated by the State Council on 18 October 2010 and implemented on 1 December 2010, foreign invested enterprises, foreign enterprises and foreign individuals are applicable to the Provisional Regulations of the PRC on City Maintenance and Construction Tax (中華人民共和國城市維護建設稅暫行條例) promulgated by the State Council on 8 February 1985 and implemented on 1 January 1985, and then revised and implemented on 8 January 2011, and the Provisional Regulations for Imposition of Education Surcharges (徵收教育費附加的暫行規定) promulgated by the State Council on 28 April 1986 and implemented on 1 July 1986, revised on 7 June 1990 and implemented on 1 August 1990, revised on 20 August 2005 and implemented on 1 October 2005, and then revised and implemented on 8 January 2011.

According to the Provisional Regulations of the PRC on City Maintenance and Construction Tax, all units and individuals that pay consumption tax, value-added tax and business tax are all taxpayers who pay taxes on urban maintenance and construction. They shall pay the urban maintenance and construction tax according to the regulations. The computation of city maintenance and construction tax shall be based on the amount of consumption tax, value added tax and/or business tax actually paid by taxpayers, and the tax shall be paid together with the payment of consumption tax, value added tax and/or business tax. If the

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location of the taxpayer is in the urban area, the tax rate of urban maintenance and construction shall be 7%; if the location of the taxpayer is in the county or town, the tax rate of the maintenance and construction of the city shall be 5%; if the location of the taxpayer is not in the urban area, the county or town, the tax rate of the city maintenance and construction is 1%.

According to the Provisional Regulations for Imposition of Education Surcharges, all units and individuals who pay the consumption tax, value added tax and business tax shall pay education surcharges in accordance with the regulations of the Provisional Regulations for Imposition of Education Surcharges, except the units that pay rural surcharges of operating expenses of education in accordance with the regulations of the Circular of the State Council on Raising Funds for Running Schools in Rural Areas (國務院關於籌措農村學校辦學經費的通知). The computation of education surcharges shall be based on the amount of value-added tax, business tax, and consumption tax paid by each unit and individual. The education surcharges rate is 3%, and the tax shall be paid together with the payment of value-added tax, business tax, and consumption tax.

LAWS AND REGULATIONS ON LABOUR AND SOCIAL SECURITY

Labour laws

The NPCSC issued the Labour Law of the PRC (中華人民共和國勞動法) (the “**Labor Law of the PRC**”) on 5 July 1994 and implemented it on 1 January 1995, then revised and implemented it on 27 August 2009. The NPCSC issued the Labour Contract Law of the PRC (中華人民共和國勞動合同法) on 29 June 2007 and implemented on 1 January 2008, then revised on 28 December 2012 and implemented on 1 July 2013 (the “**Labour Contract Laws of the PRC**”). The State Counsel issued and implemented the Implementation Regulations for the Labour Contract Law of the PRC on 18 September 2008 (the “**Implementation Regulations for the Labour Contract Law**”).

A series of requirements were made by the Labour Law of the PRC, the Labour Contract Law of the PRC and the Implementation Regulations for the Labour Contract, such as a written labour contract should be concluded between the employers and their workers when establishing a labour relationship.

The company should also be in accordance with the requirements with respect to termination of the labour contracts, paying remuneration and compensation, using labour dispatch as well as social security premiums pursuant to the aforesaid laws and regulations.

Dispatched employees

According to the regulations of the Temporary Provisions on Labour Dispatch (勞務派遣暫行規定) issued on 24 January 2014 and implemented on 1 March 2014 by the Ministry of Human Resources and Social Security, the employers should strictly control the number of labour dispatch workers, and the number of the dispatched workers shall not exceed 10% of the total amount of their employees. If the employer has the number of dispatched workers

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exceeding 10% of the total amount of labour before the implementation of the Temporary Provisions on Labour Dispatch, it shall develop a scheme for employment adjustments, and reduce the proportion of dispatched workers to the stipulated level within 2 years from the date of the implementation of the Temporary Provisions on Labour Dispatch. Before reducing the proportion of dispatched workers to the required level, the employer shall not employ new dispatched workers.

Pursuant to the Temporary Provision on Labour Dispatch, the Labour Contract Law of the PRC and the Implementation Regulations for the Labour Contract, the employers who fail to comply with the relevant requirements on labour dispatch shall be ordered by the labour administrative authorities to make correction within a stipulated period; where correction is not made within the stipulated period, the employers may be subject to a penalty ranging from RMB5,000 to RMB10,000 per dispatched worker exceeding the 10% threshold.

Social Insurance and Housing Provident Fund

According to regulations of the Social Insurance Law of PRC (中華人民共和國社會保險法) issued by the NPCSC on 28 October 2010 and implemented on 1 July 2011, the state establishes social insurance system including basic pension insurance, basic medical insurance, work injury insurance, unemployment insurance, maternity insurance and so forth, so as to protect legitimate rights and interests of citizens to get material assistance from the state and society according to laws, such as age, disease, work injury, unemployment, childbearing and so on. Enterprises within the territory of China should register social insurance in social insurance institutions and pay corresponding insurance funds for their employees in social insurance institutions.

According to regulations of the Regulations on Management of Housing Provident Fund (住房公積金管理條例) issued and implemented by the State Council on 3 April 1999 and then revised and implemented on 24 March 2002, enterprises in China must register with the housing provident fund management centre within 30 days from the date of its establishment, establish housing accumulation fund accounts in the banks they entrust, and deposit housing provident fund for their employees in the corresponding housing provident fund management centre.

LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Copyright

According to the Copyright Law of the PRC (中華人民共和國著作權法) issued by the NPCSC on 7 September 1990 and implemented on 1 June 1991, revised and implemented on 27 October 2001, and then revised on 26 February 2010 and implemented on 1 April 2010, and regulations of the Regulation for the Implementation of the PRC the Copyright Law (中華人民共和國著作權法實施條例) issued by the State Council on 2 August 2002 and implemented on 15 September 2002, and then revised on 30 January 2013 and implemented on 1 March 2013, the work of computer softwares is entitled to copyright. In addition, the China Copyright Protection Centre (中國版權保護中心) has a voluntary registration system.

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According to the Regulations on Protection of Computer Software (計算機軟件保護條例) issued by the State Council on 4 June 1991 and implemented on 1 October 1991, revised on 20 December 2001 and implemented on 1 January 2002, and then revised on 30 January 2013 and implemented on 1 March 2013, and the regulations of the Registration of Computer Software Copyright Procedures (計算機軟件著作權登記辦法) issued and implemented by the Ministry of Machine Building and Electronics Industries on 6 April 1992, revised on 26 May 2000 and implemented on 1 June 2000 by the National Copyright Administration, and then revised and implemented on 20 February 2002, the software copyright holder can register the copyright registration of the software copyright to the China Copyright Protection Centre, which is the software registration agency identified by the State Copyright Administration.

Patents

According to regulations of the Patent Law of the PRC (中華人民共和國專利法) issued by the NPCSC on 12 March 1984 and implemented on 1 April 1985, revised on 4 September 1992 and implemented on 1 January 1993, revised on 25 August 2000 and implemented on 1 July 2001, and then revised on 27 December 2008 and implemented on 1 October 2009, and the Rules for the Implementation of the Patent Law of the PRC (中華人民共和國專利法實施細則) issued by the State Council on 15 June 2001 and implemented on 1 July 2001, revised on 28 December 2002 and implemented on 1 February 2003, and then revised on 9 January 2010 and implemented on 1 February 2010, the patent protection is divided into three categories, namely, the patent for invention, patent for utility models and patent for designs. The duration of patent right for inventions shall be 20 years, the duration of the patent for designs and patent for utility models shall be 10 years, counted from the date of filing. After the grant of the patent right for an invention or utility model, except where otherwise provided for in this Law, no entity or individual may, without the authorisation of the patentee, exploit the patent, that is, make, use, offer to sell, sell or import the patented product, or use the patented process, and use, offer to sell, sell or import the product directly obtained by the patented process, for production or business purposes. After the grant of the patent right for a design, no entity or individual may, without the authorisation of the patentee, exploit the patent, that is, make, offer to sell, sell or import the product incorporating its or his patented design, for production or business purposes.

Trademarks

According to the Trademark Law of the PRC (中華人民共和國商標法) issued by the NPCSC on 30 August 1982 and implemented on 1 March 1983, revised on 22 February 1993 and implemented on 1 July 1993, revised on 27 October 2001 and implemented on 1 December 2001, and then revised on 30 August 2013 and implemented on 1 May 2014, and the Regulation for the Implementation of the Trademark Law of the PRC (中華人民共和國商標法實施條例) issued by the State Council on 3 August 2002 and implemented on 15 September 2002, and then revised on 29 April 2014 and implemented on 1 May 2014, a trademark registered by China Trademark Office is a registered trademark, including the commodity trademark, service trademark, collective trademark and certification trademark. The period of validity of a registered trademark shall be 10 years, counted from the date of approval of the registration. The trademark registrant shall apply for renewal within 12 months before the expiry date.

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Domain names

According to the Internet Domain Name Regulations (互聯網域名管理辦法) issued by the MIIT on 24 August 2017 and implemented on 1 November 2017, the MIIT supervises and manages the domain name service in the whole country, and the communication administrative bureaus of all provinces, autonomous regions and centrally-administered municipalities directly under the central government supervise and manage the domain name service within their administrative area. The Internet domain name system of China is announced by the MIIT. According to the actual situation of the development of the domain name, the Ministry of Industry and Information Technology can adjust the Internet domain name system of China.

REGULATIONS RELATING TO M&A RULES

Under the Rules on the Merger and Acquisition of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) (the “**M&A Rules**”) in the PRC, which was promulgated jointly by the MOFCOM, SASAC, SAT, CSRC, SAIC and SAFE on 8 August 2006, effective on 8 September 2006 and further amended and effective on 22 June 2009, an offshore special purpose vehicle established or controlled by a Chinese domestic company or individual shall obtain approval from the MOFCOM prior to the merger or acquisition of any domestic enterprise related to such company or individual. Such mergers and acquisitions include where the foreign investor (i) acquires equity in the domestic non-foreign-invested enterprise or subscribes for increased capital to convert the domestic non foreign-invested enterprise into a foreign-invested enterprise; (ii) establishes a foreign-invested enterprise to acquire the assets of the domestic enterprise by agreement and operates these assets; or (iii) purchases the assets from the domestic enterprise and invests such assets to establish foreign-invested enterprises for operation of such assets.

The M&A Rules further require that, if a special purpose vehicle formed for the purpose of listing is controlled directly or indirectly by PRC companies or individuals, the overseas listing and trading of such special purpose vehicle requires prior approval from CSRC.

We have been advised by our PRC Legal Adviser that when the domestic restructuring occurred, the target, PRC Holdco, was a Sino-foreign joint venture. Accordingly, the acquisition was subject to the Provisions for the Alteration of Investors’ Equities in Foreign-funded Enterprises (《外商投資企業投資者股權變更的若干規定》) rather than the M&A Rules. Accordingly, the acquisition of PRC Holdco is not subject to approval from MOFCOM and the overseas listing of the special purpose vehicle is not subject to prior approval from CSRC under the M&A Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

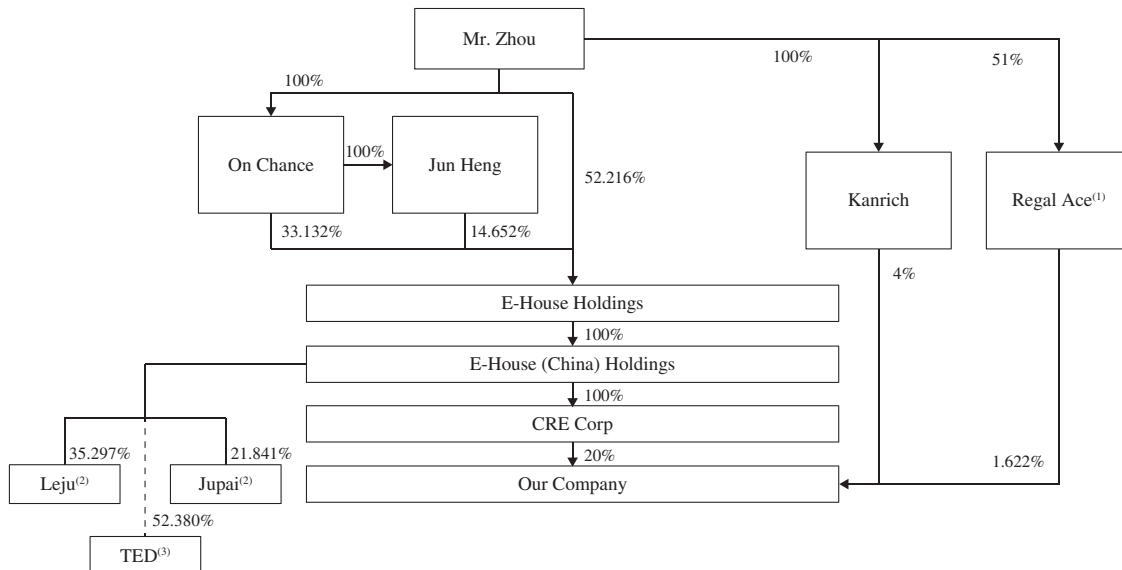
Prior to 16 March 2018, Mr. Zhou held more than 30% of our Shares through On Chance, Jun Heng, Kanrich, E-House Holdings, E-House (China) Holdings and CRE Corp (all being companies which are directly or indirectly wholly-owned by Mr. Zhou). Therefore, these companies and Mr. Zhou constituted our controlling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



RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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
Board of Directors			
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 Liquan	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
Senior Management			
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.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (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.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (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.

CONNECTED TRANSACTIONS

OUR CONNECTED PERSONS

We have entered into certain transactions in the ordinary and normal course of our business, which will constitute continuing connected transactions under Rule 14A.31 of the Listing Rules following the Listing, with the following connected persons and their associates:

Name of connected person	Relationship with connected person
Mr. Zhou	our substantial Shareholder and one of our Controlling Shareholders
Leju	an associate of E-House (China) Holdings, one of our Controlling Shareholders
TED	an associate of CRE Corp, one of our Controlling Shareholders
Country Garden	our substantial Shareholder
Evergrande	our substantial Shareholder
Vanke	our substantial Shareholder

See the sections headed “Relationship with our Controlling Shareholders” and “History, Reorganisation and Corporate Structure – Pre-IPO Investments” for more information regarding our Controlling Shareholders and substantial Shareholders.

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Nature of Transactions	Applicable Listing Rules	Applicable waiver sought	Proposed annual caps for the year ending 31 December (RMB'Million)		
			2018	2019	2020
Partially-exempt continuing connected transactions					
Exempt from the circular and shareholders' approval requirements but subject to the reporting, annual review, and announcement requirements					
Property Leasing Framework Agreement	Rule 14A.35 Rule 14A.53 Rule 14A.76 Rule 14A.105	announcement requirement	40	46	54
Leju Services Framework Agreement	Rule 14A.35 Rule 14A.53 Rule 14A.76 Rule 14A.105	announcement requirement	41	52	64

CONNECTED TRANSACTIONS

Nature of Transactions	Applicable Listing Rules	Applicable waiver sought	Proposed annual caps for the year ending 31 December (RMB'Million)		
			2018	2019	2020
Evergrande Data Consulting Services Framework Agreement	Rule 14A.35 Rule 14A.53 Rule 14A.76 Rule 14A.105	announcement requirement	6	7	10
Vanke Data Consulting Services Framework Agreement	Rule 14A.35 Rule 14A.53 Rule 14A.76 Rule 14A.105	announcement requirement	5	7	9
Country Garden Data Consulting Services Framework Agreement	Rule 14A.35 Rule 14A.53 Rule 14A.76 Rule 14A.105	announcement requirement	5	6	7
TED Event Services Framework Agreement	Rule 14A.35 Rule 14A.53 Rule 14A.76 Rule 14A.105	announcement requirement	8	10	13

Non-exempt continuing connected transactions

Subject to the reporting, announcement, annual review, and shareholders' approval requirements

Country Garden Agency Framework Agreement	Rule 14A.35 Rule 14A.36 Rule 14A.53 Rule 14A.105	announcement and independent Shareholders' approval requirements	230	345	518
Evergrande Agency Framework Agreement	Rule 14A.35 Rule 14A.36 Rule 14A.53 Rule 14A.105	announcement and independent Shareholders' approval requirements	1,900	2,280	2,736
Vanke Agency Framework Agreement	Rule 14A.35 Rule 14A.36 Rule 14A.53 Rule 14A.105	announcement and independent Shareholders' approval requirements	230	345	518

CONNECTED TRANSACTIONS

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Lease of office premises from associates of Mr. Zhou

The Property Leasing Framework Agreement

On 4 July 2018, our Company (for ourselves and on behalf of our associates) entered into a property leasing framework agreement with Mr. Zhou (on behalf of his associates except for any member of our Group) (the “**Property Leasing Framework Agreement**”). Pursuant to the Property Leasing Framework Agreement, associates of Mr. Zhou will continue to sub-let office premises to our Group and to provide property management services in relation to the sub-let premises. Details of these office premises are as follows:

No	Location	Approximate GFA/Leased Floor Area (square metres)
1	Level 6-11, Qiushi Building, 149 Yanchang Road, Zhabei District, Shanghai, PRC	7,700 (Gross Leasable Area)
2	Unit 1611-1620, 16/F Unit 2, Block 1, 100 Shangdu Road, Zhengdong New District, Zhengzhou City, Henan, PRC	2,100 (GFA)

The Property Leasing Framework Agreement is for a term from the Listing Date to 31 December 2020.

Reasons for the transactions

During the Track Record Period, associates of Mr. Zhou have sub-leased premises to our Group. These sub-leases enable our Group to secure good locations for some of our offices at a fair market price. The continuation of these arrangements will avoid unnecessary disruptions and costs to our business that might be caused by relocation, and will ensure continuity of our operations.

Pricing policy

The annual rent and management fees under the Property Leasing Framework Agreement are determined based on the parties’ arm’s length negotiations with reference to the actual rents, management fees and other utilities charged by the landlord, and the prevailing market rental quotations of similar grade and sized properties within the same building or, if not available, in the same vicinity, from Independent Third Parties.

Historical amount, annual cap, and basis for annual cap

The approximate transaction amounts to associates of Mr. Zhou for the years ended 31 December 2015, 2016 and 2017 and the three months ended 31 March 2018 was RMB20.92 million, RMB27.28 million, RMB31.63 million and RMB7.41 million, respectively.

CONNECTED TRANSACTIONS

The annual cap for the years ending 31 December 2018, 2019 and 2020 are RMB40 million, RMB46 million, and RMB54 million, respectively.

When estimating the annual caps, our Directors have taken into consideration:

- (i) the aforementioned historical amounts;
- (ii) the expected demand of the Group for leased properties over the next three years;
- (iii) the fees to be paid for sub-leases under existing contracts; and
- (iv) the expectation, based on prevailing market rental rates, that the growth in the rental rate and the management fees for the leased properties will not exceed 6% per year.

Listing Rules implications

The transactions under the Property Leasing Framework Agreement are entered into on normal commercial terms, on terms that are fair and reasonable, and one or more of the applicable percentage ratios in respect of such transactions on an annual basis under Chapter 14A of the Listing Rules will exceed 0.1% but each of the percentage ratios (other than the profits ratio) will be lower than 5%. Pursuant to Rule 14A.76(2)(a) of the Listing Rules, these transactions will be exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules, but will still be subject to the reporting, annual review, and announcement requirements.

Cushman & Wakefield Limited, an independent real estate valuer, has confirmed that the annual rents and management fees payable under the Property Leasing Framework Agreement are at market level reflecting prevailing market rates.

2. Auxiliary real estate services

The Leju Services Framework Agreement

On 4 July 2018, our Company (for ourselves and on behalf of our associates) and Leju (for itself and on behalf of its associates) entered into a framework services agreement (the "**Leju Services Framework Agreement**") pursuant to which we will provide personnel to assist in the sale of discount coupons (which entitle the purchaser to a discount greater than their face value when buying property, thereby encouraging more primary sales) by Leju and its associates in exchange for a commission fee. The Leju Services Framework Agreement has a term from the Listing Date to 31 December 2020.

Reasons for the transactions

Discount coupons support the sale of real estate under our real estate agency services in the primary market and real estate brokerage network services as they offer a discount to purchasers greater than the face value of the coupon. Given the complementary nature of Leju's

CONNECTED TRANSACTIONS

products with our real estate agency services in the primary market and real estate brokerage network services, we expect that we will continue to provide marketing and sales services to Leju and its associates following the Listing.

Pricing policy

The commission fee charged by our Group in relation to the marketing and sales services provided to Leju and its associates shall be determined between the relevant parties on an arms-length basis. The average commission rate shall remain stable and in line with the average commission rate charged by other comparable marketing and sales service providers. In each instance, we will assess the business capacity of our Group and compare the commission fees we propose with the rates offered by other comparable marketing and sales service providers, with reference to the number of personnel requested, the duration of the promotional period and the extent of services provided by our staff. The actual amount of commission fees we receive will be based on the number and value of sales generated by our employees.

Historical amount, annual cap, and basis for annual cap

The total commission fees payable to our Group by Leju and its associates for the years ended 31 December 2015, 2016 and 2017 and the three months ended 31 March 2018 was RMB27.37 million, RMB14.91 million, RMB27.52 million and RMB4.14 million, respectively. The decrease in commission fee payable to the our Group by Leju and its associates for year ended 31 December 2016 was due to the tightening of government policies in China in 2016 and the impact on Leju's e-commerce and online advertising businesses. However, the market normalised and Leju's business regained its momentum in 2017, which resulted in an increase in the commission fee payable to our Group by Leju and its associates for year ended 31 December 2017.

The annual cap for the years ending 31 December 2018, 2019 and 2020 are RMB41 million, RMB52 million, and RMB64 million, respectively.

When estimating the annual cap, our Directors have taken into account:

- (i) the aforementioned historical amounts;
- (ii) the expected growth in the performance of the primary real estate sector;
- (iii) the year-on-year increase of 40% of Leju's revenue from e-commerce services (primarily generated from the sale of discount coupons) for the three months ended 31 March 2018, and Leju's revenue recorded in the first quarter usually represents 15%-20% of the total revenue of the year; and
- (iv) our expected growth in sales with Leju of between 25-50% per year, taking into consideration of (a) an increase in the number of Fangyou branded stores of between 50-100% per year, and (b) an increase in the participation of brokers from Fangyou branded stores in the marketing and sales services provided to Leju of between 25-50% per year.

CONNECTED TRANSACTIONS

Listing Rules implications

The transactions under the Leju Services Framework Agreement are entered into on normal commercial terms, on terms that are fair and reasonable, and one or more of the applicable percentage ratios in respect of such transactions on an annual basis under Chapter 14A of the Listing Rules will exceed 0.1% but each of the percentage ratios (other than the profits ratio) will be lower than 5%. Pursuant to Rule 14A.76(2)(a) of the Listing Rules, these transactions will be exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules, but will still be subject to the reporting, annual review, and announcement requirements.

3. Evergrande data consulting services

The Evergrande Data Consulting Services Framework Agreement

On 4 July 2018, our Company (for ourselves and on behalf of our associates) and Evergrande (for itself and on behalf of its associates) entered into a framework data consulting services agreement (the “**Evergrande Data Consulting Services Framework Agreement**”) pursuant to which we will provide our real estate data and consulting services to Evergrande and its associates. The Evergrande Data Consulting Services Framework Agreement has a term from the Listing Date to 31 December 2020.

Reasons for the transactions

Evergrande is a leading real estate developer in China with a significant number of ongoing real estate development projects that could benefit from the information and insight provided by our data services and consulting services. In light of Evergrande's market size in the real estate industry, this cooperation will contribute to our revenue and be beneficial to us.

Pricing policy

The subscription fees for access to our data services are based on our Group's standard pricing terms, which apply equally to all of our Group's customers. Our standard pricing terms take into account matters such as the number and nature of services, the number of cities covered and the number of subscription accounts sought. In all instances, our standard pricing terms are determined after due consideration of comparable market rates paid by Independent Third Parties for a comparable scope of data services.

The consulting fees charged for any given consulting project are determined after arm's length negotiations with reference to the scope of the issues sought to be covered by the engagement. This informs our assessment of the time and resources required for the provision of the consulting services. In all instances, the consulting fees shall be based on comparable market rates paid by Independent Third Parties for a comparable scope of consulting services.

Historical amount, annual cap, and basis for annual cap

The total data and consulting fees payable to our Group by Evergrande and its associates for the years ended 31 December 2015, 2016 and 2017 and the three months ended 31 March 2018 was RMB1.25 million, RMB4.33 million, RMB4.39 million and RMB1.17 million, respectively.

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The annual cap for the years ending 31 December 2018, 2019 and 2020 are RMB6 million, RMB7 million, and RMB10 million, respectively.

When estimating the annual cap, our Directors have taken into account:

- (i) the aforementioned historical amounts; and
- (ii) an expected growth rate of between 25-35% per year, taking into consideration of our historical and expected growth in the real estate data and consulting services business.

Listing Rules implications

The transactions under the Evergrande Data Consulting Services Framework Agreement are entered into on normal commercial terms, on terms that are fair and reasonable, and one or more of the applicable percentage ratios in respect of such transactions on an annual basis under Chapter 14A of the Listing Rules will exceed 0.1% but each of the percentage ratios (other than the profits ratio) will be lower than 5%. Pursuant to Rule 14A.76(2)(a) of the Listing Rules, these transactions will be exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules, but will still be subject to the reporting, annual review, and announcement requirements.

4. Vanke data services

The Vanke Data Consulting Services Framework Agreement

On 4 July 2018, PRC Holdco (for itself and on behalf of its associates) and Vanke (for itself and on behalf of its associates) entered into a framework data services agreement (the **"Vanke Data Consulting Services Framework Agreement"**) pursuant to which we will provide our real estate data and consulting services to Vanke and its associates. The Vanke Data Consulting Services Framework Agreement has a term from the Listing Date to 31 December 2020.

Reasons for the transactions

Vanke is a leading real estate developer in China with a significant number of ongoing real estate development projects that could benefit from the information and insight provided by our data services and consulting services. In light of Vanke's market size in the real estate industry, this cooperation will contribute to our revenue and be beneficial to us.

Pricing policy

The subscription fees for access to our data services are based on our Group's standard pricing terms, which apply equally to all of our Group's customers. Our standard pricing terms take into account matters such as the number and nature of services, the number of cities

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covered and the number of subscription accounts sought. In all instances, our standard pricing terms are determined after due consideration of comparable market rates paid by Independent Third Parties for a comparable scope of data services.

The consulting fees charged for any given consulting project are determined after arm's length negotiations with reference to the scope of the issues sought to be covered by the engagement. This informs our assessment of the time and resources required for the provision of the consulting services. In all instances, the consulting fees shall be based on comparable market rates paid by Independent Third Parties for a comparable scope of consulting services.

Historical amount, annual cap, and basis for annual cap

The total data and consulting fees payable to our Group by Vanke and its associates for the years ended 31 December 2015, 2016 and 2017 and the three months ended 31 March 2018 was RMB3.86 million, RMB2.54 million, RMB4.10 million and RMB0.47 million, respectively.

The annual cap for the years ending 31 December 2018, 2019 and 2020 are RMB5 million, RMB7 million, and RMB9 million, respectively.

When estimating the annual cap, our Directors have taken into account:

- (i) the aforementioned historical amounts; and
- (ii) an expected growth rate of between 25-35% per year, taking into consideration of our historical and expected growth in the real estate data and consulting services business.

Listing Rules implications

The transactions under the Vanke Data Consulting Services Framework Agreement are entered into on normal commercial terms, on terms that are fair and reasonable, and one or more of the applicable percentage ratios in respect of such transactions on an annual basis under Chapter 14A of the Listing Rules will exceed 0.1% but each of the percentage ratios (other than the profits ratio) will be lower than 5%. Pursuant to Rule 14A.76(2)(a) of the Listing Rules, these transactions will be exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules, but will still be subject to the reporting, annual review, and announcement requirements.

5. Country Garden data services

The Country Garden Data Consulting Services Framework Agreement

On 4 July 2018, our Company (for ourselves and on behalf of our associates) and Country Garden (for itself and on behalf of its associates) entered into a framework data services agreement (the “**Country Garden Data Consulting Services Framework Agreement**”) pursuant to which we will provide our real estate data and consulting services to Country Garden and its associates. The Country Garden Data Consulting Services Framework Agreement has a term from the Listing Date to 31 December 2020.

Reasons for the transactions

Country Garden is a leading real estate developer in China with a significant number of ongoing real estate development projects that could benefit from the information and insight provided by our data services and consulting services. In light of Country Garden’s market size in the real estate industry, this cooperation will contribute to our revenue and be beneficial to us.

Pricing policy

The subscription fees for access to our data services are based on our Group’s standard pricing terms, which apply equally to all of our Group’s customers. Our standard pricing terms take into account matters such as the number and nature of services, the number of cities covered and the number of subscription accounts sought. In all instances, our standard pricing terms are determined after due consideration of comparable market rates paid by Independent Third Parties for a comparable scope of data services.

The consulting fees charged for any given consulting project are determined after arm’s length negotiations with reference to the scope of the issues sought to be covered by the engagement. This informs our assessment of the time and resources required for the provision of the consulting services. In all instances, the consulting fees shall be based on comparable market rates paid by Independent Third Parties for a comparable scope of consulting services.

Historical amount, annual cap, and basis for annual cap

The total data and consulting fees payable to our Group by Country Garden and its associates for the years ended 31 December 2015, 2016 and 2017 and the three months ended 31 March 2018 was RMB0.87 million, RMB1.96 million, RMB2.19 million and RMB1.59 million, respectively.

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The annual cap for the years ending 31 December 2018, 2019 and 2020 are RMB5 million, RMB6 million, and RMB7 million, respectively.

When estimating the annual cap, our Directors have taken into account:

- (i) the aforementioned historical amounts;
- (ii) the expected growth in 2018 based on the revenue earned from Country Garden in relation to the provision of real estate data and consulting services in the three months ended 31 March 2018; and
- (iii) an expected growth rate of between 25-35% in 2019 and 2020, taking into consideration of our historical and expected growth in the real estate data and consulting services business.

Listing Rules implications

The transactions under the Country Garden Data Consulting Services Framework Agreement are entered into on normal commercial terms, on terms that are fair and reasonable, and one or more of the applicable percentage ratios in respect of such transactions on an annual basis under Chapter 14A of the Listing Rules will exceed 0.1% but each of the percentage ratios (other than the profits ratio) will be lower than 5%. Pursuant to Rule 14A.76(2)(a) of the Listing Rules, these transactions will be exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules, but will still be subject to the reporting, annual review, and announcement requirements.

6. TED event services

The TED Event Services Framework Agreement

TED is a company established in the PRC on 9 February 2007 and listed on National Equities Exchange and Quotations with stock code 837383. TED is principally engaged in the business of providing public relations services to real estate developers and organising publicity events for real estate development projects.

On 4 July 2018, our Company (for ourselves and on behalf of our associates) and TED (for itself and on behalf of its associates) entered into a framework event services agreement (the "**TED Event Services Framework Agreement**"), pursuant to which TED and its associates will provide us with event and exhibition services. We procure these event and exhibition services in relation to promotional activities relating to our real estate agency services in the primary market, publicity of our rating and ranking services, and for internal operating purposes. These event and exhibition services may include provision of exhibition booths and ancillary services at TED organised real estate exhibitions and provision of audio-visual equipment and ancillary services for events organised by our Group. The TED Event Services Framework Agreement has a term from the Listing Date to 31 December 2020.

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Reasons for the transactions

We have extensive business operations and proprietary real estate databases covering many provinces, municipalities and autonomous regions across China, all of which are engaged in the real estate industry. It is therefore in our interest to procure the services of TED, one of China's leading public relations and communications firms. In particular, TED has extensive experience in real estate-related public relations and has a pan-China presence.

Pricing policy

The equipment rental and labour fees and exhibition space rental and service fees under the TED Event Services Framework Agreement are determined either based on the prevailing market rate or as agreed by the parties' arm's length negotiations, with reference to the quantity or duration of equipment, space or services contracted by us and the price for comparable equipment, space or services charged by Independent Third Parties.

Historical amount, annual cap, and basis for annual cap

The total service fees payable by our Group to TED and its associates for the years ended 31 December 2015, 2016 and 2017 and the three months ended 31 March 2018 was RMB3.76 million, RMB3.22 million, RMB6.11 million and RMB2.18 million, respectively.

The annual cap for the years ending 31 December 2018, 2019 and 2020 are RMB8 million, RMB10 million, and RMB13 million, respectively.

When estimating the annual caps, our Directors have taken into consideration:

- (i) the aforementioned historical amounts;
- (ii) an expected growth rate in our overall sales of approximately 20-30%, taking into consideration of (i) the increase in the number of development projects we will be engaged as agents for, (ii) the estimated quantity of development projects and corresponding quantity of promotional activities that we expect to hold during the relevant years;
- (iii) the expected frequency of our ranking publication, and projected level of related promotional activities during the relevant years; and
- (iv) the estimated volume of internal events requiring event and exhibition services during the relevant years.

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Listing Rules implications

The transactions under the TED Event Services Framework Agreement are entered into on normal commercial terms, on terms that are fair and reasonable, and one or more of the applicable percentage ratios in respect of such transactions on an annual basis under Chapter 14A of the Listing Rules will exceed 0.1% but each of the percentage ratios (other than the profits ratio) will be lower than 5%. Pursuant to Rule 14A.76(2)(a) of the Listing Rules, these transactions will be exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules, but will still be subject to the reporting, annual review, and announcement requirements.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

7. Country Garden real estate agency services

The Country Garden Agency Framework Agreement

On 4 July 2018, our Company (for ourselves and on behalf of our associates) and Country Garden (for themselves and on behalf of its associates) entered into a framework agreement (the “**Country Garden Agency Framework Agreement**”) pursuant to which we will provide real estate agency services in the primary market and real estate brokerage network services. The real estate agency services in the primary market include formulating and executing marketing and sales strategies for real estate projects developed by Country Garden or its associates, promoting the projects to prospective purchasers, and facilitating sales transactions. The real estate brokerage network services allow small and medium-sized real estate brokerage firms to promote and sell real estate units in the primary real estate market through our Fangyou brokerage network, an empowerment network providing brokerage firms with resources and services for improving their businesses. The Country Garden Agency Framework Agreement has a term from the Listing Date to 31 December 2020.

Reason for the transactions

Country Garden is a leading real estate developer in China with a significant number of real estate developments. Our provision of marketing and sales services and brokerage network services to Country Garden enables us to act as lead agents for larger and more significant real estate developments in China. Our association with these top-tier real estate developers also further enhances our reputation amongst potential purchasers and further enhances our business growth.

Pricing policy

The commission fee charged by our Group in relation to real estate agency services in the primary market will be the total successful sales for the specified period as indicated in each project multiplied by the commission rate. The average commission rate shall remain stable and in line with the average commission rate for the overall real estate agency services in the primary market in China.

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A separate commission is usually charged for the brokerage network services, in addition to the commissions received from the real estate agency service in the primary market. The commission fee charged by our Group in relation to the brokerage network services are usually either at a fixed percentage or at a progressive percentage of the total successful sales for the specified period as indicated in each project.

A successful sale typically requires that service be rendered, the purchaser to have executed the sale and purchase agreement and have either made the required down-payment or the sales and purchase agreement has been registered with the relevant government authorities. Generally, the commission fees charged by our Group may vary slightly from project to project, and shall be determined between the relevant parties on an arm's-length basis for each development project. When determining the commission fees for both the real estate agency services in the primary market and the brokerage network services to a specific development project, we will take into account factors including: historical amounts of commission fees received; the market rate for similar services; the level of market demand for properties in general, the particular project, or the particular developer; and the size and scope of services required for the development project.

Historical amount, annual cap, and basis for annual cap

The total commission fees payable to our Group by Country Garden and its associates for the years ended 31 December 2015, 2016 and 2017 and the three months ended 31 March 2018 was Nil, RMB13.49 million, RMB19.08 million and RMB9.37 million, respectively.

The annual cap for the years ending 31 December 2018, 2019 and 2020 are RMB230 million, RMB345 million, and RMB518 million, respectively.

When estimating the annual cap, our Directors have taken into account:

- (i) the market rate for similar services;
- (ii) the expected high total revenue from real estate sales from 2018 to 2020 of Country Garden, being a major real estate developer in China;
- (iii) the anticipated rapid growth in sales volume with Country Garden since Country Garden has become our Shareholder in December 2017. We and Country Garden entered into a strategic cooperation agreement with effect from 1 January 2018 in respect of plans to expand cooperation in the real estate agency services business in the primary market;
- (iv) the total GFA sold for Country Garden's development projects during the Track Record Period, being approximately 200 square metres, 123,100 square metres, 179,600 square metres, and 68,000 square metres for the years ended 31 December 2015, 2016 and 2017 and three months ended 31 March 2018, respectively;

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- (v) our expected growth in sales with Country Garden in 2018 based on the expected number of projects that we will be engaged by Country Garden – a contracted pipeline of approximately 2.1 million square metres of total GFA in 61 projects with Country Garden as of the Latest Practicable Date is approximately 6.1 times of that in 2017, and our expected total GFA of approximately 2.2 million square metres to be sold for Country Garden’s development projects in 2018;
- (vi) our expected growth of 37-47% in total GFA to be sold for Country Garden’s development projects in 2019 and 2020, taking into consideration of (i) the significant growth in total GFA sold for Country Garden’s development projects during the Track Record Period; (ii) the expectation on the number and scale of the development projects to be launched by Country Garden in 2019 and 2020; and (iii) the expectation of the number of projects that we will be engaged by Country Garden; and (iv) the CAGR of 47.1% in the contracted sales of Top 100 Real Estate Developers from 2015 to 2017;
- (vii) our expected annual growth in sales with Country Garden of between 45-55% in 2019 and 2020, taking into consideration of (i) our expected growth in total GFA to be sold for Country Garden’s development projects in 2019 and 2020; and (ii) our expected stable growth in the average selling price of new properties in 2019 and 2020;
- (viii) the expected growth in the performance of the primary real estate market, which is complementary to our real estate agency services business; and
- (ix) the expected increase in sales resulting from the synergistic effects of combined real estate agency services in the primary market and brokerage network services.

Listing Rules implications

The transactions under the Country Garden Agency Framework Agreement are entered into in the ordinary and usual course of our business, on normal commercial terms, on terms that are fair and reasonable, and are in the interests of our Company and our Shareholders as a whole. The highest applicable percentage ratio calculated for the amounts payable in respect of such transactions on an annual basis under Chapter 14A of the Listing Rules are expected will exceed 5%. Transactions under the Country Garden Agency Framework are therefore subject to the reporting, announcement, annual review, and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

8. Evergrande real estate agency services

The Evergrande Agency Framework Agreement

On 4 July 2018, our Company (for ourselves and on behalf of our associates) and Evergrande (for themselves and on behalf of its associates) entered into a framework agreement (the “**Evergrande Agency Framework Agreement**”) pursuant to which we will provide real estate agency services in the primary market and real estate brokerage network services. The real estate agency services in the primary market include formulating and executing marketing and sales strategies for real estate projects developed by Evergrande or its associates, promoting the projects to prospective purchasers, and facilitating sales transactions. The real estate brokerage network services allow small and medium-sized real estate brokerage firms to promote and sell real estate units in the primary real estate market through our Fangyou brokerage network, an empowerment network providing brokerage firms with resources and services for improving their businesses. The Evergrande Agency Framework Agreement has a term from the Listing Date to 31 December 2020.

Reason for the transactions

Evergrande is a leading real estate developer in China with a significant number of real estate developments. Our provision of marketing and sales services and brokerage network services to Evergrande enables us to act as lead agents for larger and more significant real estate developments in China. Our association with these top-tier real estate developers also further enhances our reputation amongst potential purchasers and further enhances our business growth.

Pricing policy

The commission fee charged by our Group in relation to real estate agency services in the primary market will be the total successful sales for the specified period as indicated in each project multiplied by the commission rate. The average commission rate shall remain stable and in line with the average commission rate for the overall real estate agency services in the primary market in China.

A separate commission is usually charged for the brokerage network services, in addition to the commissions received from the real estate agency service in the primary market. The commission fee charged by our Group in relation to the brokerage network services are usually either at a fixed percentage or at a progressive percentage of the total successful sales for the specified period as indicated in each project.

A successful sale typically requires that service be rendered, the purchaser to have executed the sale and purchase agreement and have either made the required down-payment or the sales and purchase agreement has been registered with the relevant government authorities. Generally, the commission fees charged by our Group may vary slightly from project to project, and shall be determined between the relevant parties on an arms-length basis for each

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development project. When determining the commission fees for both the real estate agency services in the primary market and the brokerage network services to a specific development project, we will take into account factors including: historical amounts of commission fees received; the market rate for similar services; the level of market demand for properties in general, the particular project, or the particular developer; and the size and scope of services required for the development project.

Historical amount, annual cap, and basis for annual cap

The total commission fees payable to our Group by Evergrande and its associates for the years ended 31 December 2015, 2016 and 2017 and the three months ended 31 March 2018 was RMB604.52 million, RMB1,069.86 million, RMB1,622.11 million and RMB313.28 million, respectively.

The annual cap for the years ending 31 December 2018, 2019 and 2020 are RMB1,900 million, RMB2,280 million, and RMB2,736 million, respectively.

When estimating the annual cap, our Directors have taken into account:

- (i) the aforementioned historical amounts;
- (ii) the market rate for similar services;
- (iii) the total GFA sold for Evergrande's development projects during the Track Record Period, being approximately 8.1 million square metres, 13.7 million square metres, 17.7 million square metres, and 3.6 million square metres for the years ended 31 December 2015, 2016 and 2017 and three months ended 31 March 2018, respectively;
- (iv) our expected growth in sales with Evergrande in 2018 based on the expected number of projects that we will be engaged by Evergrande – a contracted pipeline of approximately 34 million square metres of total GFA in 326 projects with Evergrande as of the Latest Practicable Date, and our expected total GFA of approximately 19.3 million square metres to be sold for Evergrande's development projects in 2018;
- (v) our expected growth of 10-16% in total GFA to be sold for Evergrande's development projects in 2019 and 2020, taking into consideration of (i) the historical growth rate in total GFA sold for Evergrande's development projects during the Track Record Period; (ii) the expectation on the number and scale of the development projects to be launched by Evergrande in 2018, 2019 and 2020; and (iii) the historical growth rate in sales with Evergrande in relation to the provision of real estate agency services; and (iv) the CAGR of 47.1% in the contracted sales of Top 100 Real Estate Developers from 2015 to 2017;

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- (vi) our expected growth in sales with Evergrande of between 18-22% per year, taking into consideration of (i) our expected growth in total GFA to be sold for Evergrande's development projects in 2018, 2019 and 2020; and (ii) our expected stable growth in the average selling price of new properties in 2018, 2019 and 2020;
- (vii) the expected growth in the performance of the primary real estate market, which is complementary to our real estate agency services business; and
- (viii) the expected increase in sales resulting from the synergistic effects of combined real estate agency services in the primary market and brokerage network services.

Listing Rules implications

The transactions under the Evergrande Agency Framework Agreement are entered into in the ordinary and usual course of our business, on normal commercial terms, on terms that are fair and reasonable, and are in the interests of our Company and our Shareholders as a whole. The highest applicable percentage ratio calculated for the amounts payable in respect of such transactions on an annual basis under Chapter 14A of the Listing Rules are expected will exceed 5%. Transactions under the Evergrande Agency Framework are therefore subject to the reporting, announcement, annual review, and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

9. Vanke real estate agency services

The Vanke Agency Framework Agreement

On 4 July 2018, PRC Holdco (for itself and on behalf of its associates) and Vanke (for themselves and on behalf of its associates) entered into a framework agreement (the “**Vanke Agency Framework Agreement**”) pursuant to which we will provide real estate agency services in the primary market and real estate brokerage network services. The real estate agency services in the primary market include formulating and executing marketing and sales strategies for real estate projects developed by Vanke or its associates, promoting the projects to prospective purchasers, and facilitating sales transactions. The real estate brokerage network services allow small and medium-sized real estate brokerage firms to promote and sell real estate units in the primary real estate market through our Fangyou brokerage network, an empowerment network providing brokerage firms with resources and services for improving their businesses. The Vanke Agency Framework Agreement has a term from the Listing Date to 31 December 2020.

Reason for the transactions

Vanke is a leading real estate developer in China with a significant number of real estate developments. Our provision of marketing and sales services and brokerage network services to Vanke enables us to act as lead agents for larger and more significant real estate developments in China. Our association with these top-tier real estate developers also further enhances our reputation amongst potential purchasers and further enhances our business growth.

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Pricing policy

The commission fee charged by our Group in relation to real estate agency services in the primary market will be the total successful sales for the specified period as indicated in each project multiplied by the commission rate. The average commission rate shall remain stable and in line with the average commission rate for the overall real estate agency services in the primary market in China.

A separate commission is usually charged for the brokerage network services, in addition to the commissions received from the real estate agency service in the primary market. The commission fee charged by our Group in relation to the brokerage network services are usually either at a fixed percentage or at a progressive percentage of the total successful sales for the specified period as indicated in each project.

A successful sale typically requires that service be rendered, the purchaser to have executed the sale and purchase agreement and have either made the required down-payment or the sales and purchase agreement has been registered with the relevant government authorities. Generally, the commission fees charged by our Group may vary slightly from project to project, and shall be determined between the relevant parties on an arms-length basis for each development project. When determining the commission fees for both the real estate agency services in the primary market and the brokerage network services to a specific development project, we will take into account factors including: historical amounts of commission fees received; the market rate for similar services; the level of market demand for properties in general, the particular project, or the particular developer; and the size and scope of services required for the development project.

Historical amount, annual cap, and basis for annual cap

The total commission fees payable to our Group by Vanke and its associates for the years ended 31 December 2015, 2016 and 2017 and the three months ended 31 March 2018 was RMB94.48 million, RMB91.36 million, RMB89.12 million and RMB15.57 million, respectively.

The annual cap for the years ending 31 December 2018, 2019 and 2020 are RMB230 million, RMB345 million, and RMB518 million, respectively.

When estimating the annual cap, our Directors have taken into account:

- (i) the market rate for similar services;
- (ii) the expected high total revenue from real estate sales from 2018 to 2020 of Vanke, being a major real estate developer in China;
- (iii) the anticipated rapid growth in sales volume with Vanke since Vanke has become our Shareholder in December 2017. We and Vanke entered into a strategic cooperation agreement in March 2018 with a non-binding targeted sales which suggest mutual intentions to rapidly expand cooperation in the real estate agency services business in the primary market;

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- (iv) total GFA sold for Vanke's development projects during the Track Record Period, being approximately 1.1 million square metres, 1.3 million square metres, 1.1 million square metres, and 192,300 square metres for the years ended 31 December 2015, 2016 and 2017 and three months ended 31 March 2018, respectively;
- (v) our expected growth in sales with Vanke in 2018 based on the expected number of projects that we will be engaged by Vanke – a contracted pipeline of approximately 1.6 million square metres of total GFA in 44 projects with Vanke as of the Latest Practicable Date, and our expected total GFA of approximately 2.1 million square metres to be sold for Vanke's development projects in 2018;
- (vi) our expected growth of 37-47% in total GFA to be sold for Vanke's development projects in 2019 and 2020, taking into consideration of (i) the total GFA sold for Vanke's development projects during the Track Record Period; (ii) expectation on the number and scale of the development projects to be launched by Vanke in 2018, 2019 and 2020; and (iii) the expectation of the number of projects that we will be engaged by Vanke; and (iv) the CAGR of 47.1% in the contracted sales of Top 100 Real Estate Developers from 2015 to 2017;
- (vii) our expected annual growth in cooperation amount with Vanke of between 45-55% in 2019 and 2020, taking into consideration of (i) our expected growth in total GFA to be sold for Vanke's development projects in 2019 and 2020; (ii) historical average selling price of projects sold for Vanke and our expected stable growth in the average selling price of new properties in 2018, 2019 and 2020; and (iii) our historical average commission rate of projects sold for Vanke;
- (viii) the expected growth in the performance of the primary real estate market, which is complementary to our real estate agency services business; and
- (ix) the expected increase in sales resulting from the synergistic effects of combined real estate agency services in the primary market and brokerage network services.

Listing Rules implications

The transactions under the Vanke Agency Framework Agreement are entered into in the ordinary and usual course of our business, on normal commercial terms, on terms that are fair and reasonable, and are in the interests of our Company and our Shareholders as a whole. The highest applicable percentage ratio calculated for the amounts payable in respect of such transactions on an annual basis under Chapter 14A of the Listing Rules are expected to exceed 5%. Transactions under the Vanke Agency Framework are therefore subject to the reporting, announcement, annual review, and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

APPLICATION FOR WAIVER FROM LISTING RULES

Application for waiver

The Directors, including the independent non-executive Directors, consider that disclosure and approval of the partially-exempt and non-exempt continuing connected transactions described above in full compliance with the Listing Rules would be impracticable and, in particular, would add unnecessary administrative costs to our Company. In addition, the Directors, including the independent non-executive Directors, believe that it is in the interest of our Company to continue to enter into these transactions with its connected persons described above after the Listing.

As a result, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement requirement under Rule 14A.35 (in respect of the partially-exempt and non-exempt continuing connected transactions as described above) and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules (in respect of the non-exempt continuing connected transactions), subject to the condition that the annual transaction values shall not exceed their respective estimated annual caps (as stated above).

In addition, the Directors confirm that our Company will comply with the applicable requirements under Chapter 14A of the Listing Rules and will immediately inform the Stock Exchange if any of the proposed annual caps set out above are exceeded, or when there is a material change in the terms of the transactions. Save for the requirements relating to continuing connected transactions for which a written waiver by the Stock Exchange has been granted, our Company will comply with the applicable requirements under Chapter 14A of the Listing Rules.

Directors' views

The Directors (including independent non-executive Directors) are of the view that:

- (i) the partially-exempt and non-exempt continuing connected transactions as described above, for which a waiver has been sought, have been entered into in the ordinary and usual course of our business, on normal commercial terms or better, on terms that are fair and reasonable, and are in the interests of our Company and our Shareholders as a whole; and
- (ii) that the proposed annual monetary caps in respect of such partially-exempt and non-exempt continuing connected transactions as set out above are fair and reasonable, and in the interests of our Company and our Shareholders as a whole.

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Joint Sponsors' views

Based on the documentation and data provided by our Company, and participation in due diligence and discussions with us, the Joint Sponsors are of the view that:

- (i) the partially-exempt and non-exempt continuing connected transactions as described above, for which a waiver has been sought, have been entered into in the ordinary and usual course of our business, on normal commercial terms or better, on terms that are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole; and
- (ii) that the proposed annual monetary caps in respect of such partially-exempt and non-exempt continuing connected transactions as set out above are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Upon Listing, our Board will consist of 11 Directors, including 4 executive Directors, 3 non-executive Directors and 4 independent non-executive Directors, namely:

Name	Age	Position	Roles and responsibilities	Date of joining the Group	Date of appointment as Director
Mr. Zhou Xin (周忻)	50	Executive Director and Chairman	Formulating the overall development strategies and business plans of our Group, chairman of the nomination committee	September 2000	22 February 2010
Mr. Huang Canhao (黃燦浩)	60	Executive Director and Vice Chairman	Overseeing the management and strategic development of our Group	September 2000	9 November 2017
Dr. Cheng Li-Lan (程立瀾)	53	Executive Director	Overseeing the management and strategic development of our Group, member of the remuneration committee	November 2006	16 March 2018
Dr. Ding Zuyu (丁祖昱)	44	Executive Director and Chief Executive Officer	Overseeing the management and strategic development of our Group	September 2000	16 March 2018
Dr. Xia Hai Jun (夏海鈞)	53	Non-executive Director	Providing strategic advice and guidance on the business development of our Group	March 2018	16 March 2018
Mr. Mo Bin (莫斌)	51	Non-executive Director	Providing strategic advice and guidance on the business development of our Group	March 2018	16 March 2018

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Roles and responsibilities	Date of joining the Group	Date of appointment as Director
Dr. Zhu Jiusheng (祝九勝)	49	Non-executive Director	Providing strategic advice and guidance on the business development of our Group	March 2018	16 March 2018
Mr. Zhang Bang (張磅)	50	Independent non-executive Director	Supervising and providing independent judgement to our Board, chairman of the audit committee	July 2018	10 July 2018
Mr. Zhu Hongchao (朱洪超)	58	Independent non-executive Director	Supervising and providing independent judgement to our Board, chairman of the remuneration committee, member of the nomination committee	July 2018	10 July 2018
Mr. Wang Liqun (王力群)	64	Independent non-executive Director	Supervising and providing independent judgement to our Board, member of the audit committee, remuneration committee and nomination committee	July 2018	10 July 2018
Mr. Li Jin (李勁)	51	Independent non-executive Director	Supervising and providing independent judgement to our Board, member of the audit committee	July 2018	10 July 2018

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Zhou (周忻), aged 50, is a founder of our business, an executive Director of our Company, chairman of the nomination committee, and chairman of our Group. He is primarily responsible for formulating the overall development strategies and business plans of our Group. Mr. Zhou received his bachelor's degree in mechanical design and manufacturing from the Shanghai University (上海大學) in 1990.

Mr. Zhou has over 20 years of experience in China's real estate industry. He served as deputy general manager of Shanghai Jinfeng Investments Co., Ltd. (上海金豐投資股份有限公司), a company listed on the Shanghai Stock Exchange with stock code 600606. He has held many roles in E-House (China) Holdings, formerly listed on NYSE with stock code EJ, including as vice chairman and president of E-House Management since 2003, its chairman since 2005 and chief executive officer from 2003 to 2009 and again since 2012. Between 2009 and 2012, Mr. Zhou was the co-chairman and chief executive officer of CRE Corp during the time it was listed on NYSE until it was privatised by E-House (China) Holdings. He has also served as executive chairman of Leju since its inception. Mr. Zhou has also been the director of PRC Holdco since July 2006.

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

- director of Leju, a company listed on NYSE with stock code LEJU and which is held as to 35.297% by the E-House (China) Holdings (one of our Controlling Shareholders) as at the Latest Practicable Date, since its listing in April 2014; and
- director of Jupai, a company listed on NYSE with stock code JP and which is held as to 21.841% by E-House (China) Holdings (one of our Controlling Shareholders) as at the Latest Practicable Date, from May 2014 to April 2015 and since July 2015.

Mr. Zhou was a director of E-House (China) Holdings, a company listed on NYSE with stock code EJ, from its listing in August 2007 to August 2016 when it was delisted.

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

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

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

DIRECTORS AND SENIOR MANAGEMENT

Mr. Huang Canhao (黃燦浩), aged 60, is an executive Director of our Company and vice chairman of our Group. He is primarily responsible for overseeing the management and strategic development of our Group. Mr. Huang received his diploma in economics management from the International Business School of Shanghai University in 1998.

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

Mr. Huang has been a director of Leju, a company listed on NYSE with stock code LEJU and which is held as to 35.297% by the E-House (China) Holdings (one of our Controlling Shareholders) as at the Latest Practicable Date, since its listing in April 2014 and was a director of our Controlling Shareholder, CRE Corp, from its listing in October 2009 to May 2012 when it was delisted. Additionally, Mr. Huang was previously a director of E-House (China) Holdings, a company listed on NYSE with stock code EJ, from its listing in August 2007 to August 2016 when it was delisted.

Dr. Cheng Li-Lan (程立瀾), aged 53, is an executive Director of our Company and member of the remuneration committee. Dr. Cheng is primarily responsible for overseeing the management and strategic development of our Group. He received his bachelor's degree in economics from Swarthmore College in June 1989 and his doctorate in economics from Massachusetts Institute of Technology in September 1995. Dr. Cheng is a chartered financial analyst of the CFA Institute.

Prior to joining the Company, Dr. Cheng was a financial analyst of Prudential Investment Corporation and a senior analyst of National Economic Research Associates, Inc.. Dr. Cheng also served as an executive director and chief financial officer of SOHO China Limited, a real estate developer in Beijing. From 2005 to 2006, Dr. Cheng served as chief financial officer of SouFun Holdings Limited, a real estate internet company in China, before joining our Group as chief financial officer of E-House (China) Holdings (formerly listed on NYSE with stock code EJ) from 2006 to 2012 and as chief operating officer from 2012 onwards.

Dr. Cheng has been an independent director of 51job, Inc., a human resource service provider listed on NASDAQ with stock code JOBS, since 2013, and acting chief financial officer of Leju, a company listed on NYSE with stock code LEJU and which is held as to 35.297% by the E-House (China) Holdings (one of our Controlling Shareholders) as at the Latest Practicable Date, since 2017, and its executive director from 2014 to 2017. He was also an independent director of Le GAGA Holdings Ltd., an agricultural products producer company formerly listed on NASDAQ with stock code GAGA, from 2010 to 2014, and an independent director of Country Style Cooking Restaurant Chain Co., Ltd., a China-based quick-service-restaurant chain formerly listed on NYSE with stock code CSCC, from 2010 to 2016.

DIRECTORS AND SENIOR MANAGEMENT

Notwithstanding Mr. Zhou, Mr. Huang Canhao and Mr. Cheng Li-Lan each holds management roles in Jupai, Leju and/or other companies, as advised and confirmed by Mr. Zhou, Mr. Huang Canhao and Mr. Cheng Li-Lan, each of them has sufficient time to act as our executive Director based on the following:

- engagement as director of Jupai, Leju and/or other companies does not require their full time involvement and participation in the daily operations and they are primarily responsible for overseeing the management and strategic development of these companies. The daily management and operations of these companies are carried out by the senior management team with members that are able to devote substantially all of their time to the respective businesses;
- Mr. Cheng Li-Lan's engagement as acting chief financial officer of Leju also does not require his full time involvement, as he is supported by a deputy chief financial officer and a finance team working on full time basis for the daily financial management;
- with their respective backgrounds and experiences, each of them are fully aware of the responsibilities and expected time involvements for an executive director. None of them found difficulties in devoting their time to multiple companies and they are confident that with their experience in taking on multiple corporate roles, they will be able to discharge their duties to the Company; and
- each of them attended and will continue to attend meetings from time to time to review and discuss with senior management in relation to the Group's businesses.

Based on the foregoing, the Company does not have reasons to believe that the various positions currently held by Mr. Zhou, Mr. Huang Canhao and Mr. Cheng Li-Lan will result in either Mr. Zhou, Mr. Huang Canhao or Mr. Cheng Li-Lan not having sufficient time to act as the executive Director or not properly discharging his duties as the executive Director. Nevertheless, pursuant to the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the “**Corporate Governance Code**”), the Board will (i) regularly review the contribution required from the Directors to perform their respective responsibilities to the Company, and whether each Director is spending sufficient time in performing their responsibilities; (ii) at the time when it proposes a resolution to elect an individual as an executive Director at the general meeting, set out the reasons in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why the Board believes such individual should be elected, and if required under the Corporate Governance Code, explain why such individual who is considered to be overboarded would still be able to devote sufficient time to the Board.

Having considered (i) the Company's explanation above, taking into account (ii) the experience of Mr. Zhou, Mr. Huang Canhao and Mr. Cheng Li-Lan as directors or past directors of listed companies and based on (iii) the review of the Joint Sponsors of various board meeting records and (iv) the due diligence interviews conducted with each of Mr. Zhou, Mr. Huang

DIRECTORS AND SENIOR MANAGEMENT

Canhao and Mr. Cheng Li-Lan, the Joint Sponsors agree with the Company that the multiple positions held by each of them will not result in each of them not having sufficient time to act as the executive Directors or not properly discharging their duties as the executive Directors of the Company.

Dr. Ding Zuyu (丁祖昱), aged 44, is an executive Director of our Company and chief executive officer of the Group. Dr. Ding is primarily responsible for overseeing the management and strategic development of our Group. He received his bachelor's degree in real estate business management in July 1998 and his doctorate in economics in December 2013, both from East China Normal University (華東師範大學).

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

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

Dr. Ding has been an independent director of Sanxiang Impression Co., Ltd (三湘印象股份有限公司), a company listed on the Shenzhen Stock Exchange with stock code 000863, since January 2012 and an independent non-executive director of Powerlong Real Estate Holdings Limited, a company listed on the Hong Kong Stock Exchange with stock code 1238, since December 2014. Dr. Ding was also an independent director of Shanghai Chengtou Holdings Co., Ltd (上海城投控股股份有限公司), a company listed on the Shanghai Stock Exchange with stock code 600649, from July 2011 to March 2017.

Non-Executive Directors

Dr. Xia Hai Jun (夏海鈞), aged 53, is a non-executive Director of our Company. Dr. Xia received his bachelor's degree in metal material from Zhongnan Industrial University (中南工業大學) in July 1988, his master's degree in business administration in December 1998 and his doctorate degree in industrial economy in June 2001, both from Jinan University (暨南大學).

DIRECTORS AND SENIOR MANAGEMENT

Dr. Xia has over 20 years of experience in real estate development and corporate management and is accredited by (廣東省人事廳) as a senior economist in China. Dr. Xia was the vice chairman of the board of directors and chief executive officer of Evergrande (a company whose shares are listed on the Hong Kong Stock Exchange with stock code 03333) since June 2007. He is primarily in charge of Evergrande's daily management of its nationwide business operations, including business expansion, procurement, marketing and corporate brand promotion, management information systems and hotel management.

Evergrande has an indirect non-wholly owned subsidiary, Jovial Idea Developments Limited, which is interested in 171,690,000 shares of the Company, representing approximately 15% of the issued capital of the Company as of the date of this document and which is one of our Pre-IPO Investors. See the section headed "History, Reorganisation and Corporate Structure – Pre-IPO Investments" in this document for more information.

Mr. Mo Bin (莫斌), aged 51, is a non-executive Director of our Company. Mr. Mo received his bachelor's degree in industrial and civil architecture from Hengyang Institute of Technology (衡陽工學院) (currently known as University of South China (南華大學)) in June 1989, and obtained a postgraduate degree in administrative management from Zhongnan University of Economics and Law (中南財經政法大學) in June 2001 and is a professor-grade senior engineer.

Mr. Mo has over 27 years of experience in areas of real estate development, construction business, construction management, marketing, cost control and corporate management. From 1989 to 2010, Mr. Mo worked at China Construction Fifth Engineering Division Corp., Ltd. (中國建築第五工程局有限公司), an internationally competitive construction and real estate group in the People's Republic of China, and held a number of senior positions, including as director and general manager.

Since July 2010, Mr. Mo was appointed as the president and an executive director of Country Garden, a company whose shares are listed on the Hong Kong Stock Exchange with stock code 2007, where Mr. Mo was primarily responsible for the management of daily operation and general administration of the Company together with its subsidiaries.

Country Garden has an indirect wholly-owned subsidiary, Country Garden (Hong Kong) Development Company Limited, which is interested in 171,690,000 shares of the Company, representing approximately 15% of the issued capital of the Company as of the date of this document and which is one of our Pre-IPO Investors. See the section headed "History, Reorganisation and Corporate Structure – Pre-IPO Investments" in this document for more information.

Dr. Zhu Jiusheng (祝九勝), aged 49, is a non-executive Director of our Company. Dr. Zhu received his master's degree in economics from Zhongnan University of Finance and Economics (中南財經大學) (currently known as Zhongnan University of Economics and Law (中南財經政法大學)) in June 1993 and a doctor's degree in economics from Zhongnan University of Economics and Law (中南財經政法大學) in December 2003.

DIRECTORS AND SENIOR MANAGEMENT

From 1993 to 2012, Dr. Zhu worked in the Shenzhen branch of China Construction Bank Corporation (“CCBC”), the stocks of which are listed on the Shanghai Stock Exchange (stock code: 601939) and the Hong Kong Stock Exchange (stock code: 0939) and had successively served as vice president of the Futian sub-branch of CCBC, general manager of credit department and corporation department, and vice president of CCBC’s Shenzhen branch. He joined Vanke in 2012, a company whose stocks are listed on the Hong Kong Stock Exchange (stock code: 2202), as its senior vice president from August 2012 to January 2016. Dr. Zhu was also chairman of the board of directors of Shenzhen Pengding Chuangying Financial Information Services Co., Ltd (深圳市鵬鼎創盈金融資訊服務股份有限公司) from January 2016 to January 2018. Since February 2018, Dr. Zhu became the president and chief executive officer of Vanke.

Additionally, Dr. Zhu was a director of Shenzhen Kondarl (Group) Co., Ltd, the stocks of which are listed on the Shenzhen Stock Exchange (stock code: 000048), since 2012. Since October 2014, Dr. Zhu was a non-executive director of Huishang Bank Corporation Limited, a company listed on the Hong Kong Stock Exchange (stock code: 3698), and, since May 2014, an independent non-executive director of LVGEM (China) Real Estate Investment Company Limited, a company listed on the Stock Exchange (stock code: 0095), both of which are invested by Vanke.

Vanke has an indirect wholly-owned subsidiary, Captain Valley (Cayman) Limited, which is interested in 171,690,000 shares of the Company, representing approximately 15% of the issued capital of the Company as of the date of this document and which is one of our Pre-IPO Investors. See the section headed “History, Reorganisation and Corporate Structure – Pre-IPO Investments” in this document for more information.

Independent Non-Executive Directors

Mr. Zhang Bang (張磅), aged 50, has been appointed as an independent non-executive Director of our Company and chairman of the audit committee with effect from 10 July 2018. He is our Director with appropriate professional accounting or related financial management experience for the purpose of Rule 3.10(2) of the Listing Rules through his experiences described below. Additionally, Mr. Zhang is both a fellow of the Chartered Institute of Management Accountants and a chartered global management accountant of the Association of International Certified Professional Accountants.

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

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

DIRECTORS AND SENIOR MANAGEMENT

Over the past three years, Mr. Zhang has held directorships in the following listed companies:

- independent director of Jupai, a company listed on NYSE with stock code JP and which is held as to 21.841% by E-House (China) Holdings (one of our Controlling Shareholders) as at the Latest Practicable Date, since July 2015; and
- independent director of ChinaCache International Holdings Limited, a company listed on NASDAQ with stock code CCIH, since July 2017.

Mr. Zhu Hongchao (朱洪超), aged 58, has been appointed as an independent non-executive Director of our Company, chairman of the remuneration committee, and member of the nomination committee with effect from 10 July 2018. Mr. Zhu received his bachelor's degree in law from Fudan University (復旦大學) in 1983 and his master's degree in foreign legal studies from Fudan University (復旦大學) in July 1996. In 1993, he obtained a Qualification Certificate for the Securities Law Consulting Business (中國證券監督管理委員會從事證券法律業務資格) by the CSRC.

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

Over the past three years, Mr. Zhu has held directorships in the following listed companies:

- independent director of Sinochem International Corp, a company listed on the Shanghai Stock Exchange with stock code 600500, from November 2009 to May 2017;
- independent director of Tengda Construction Group Co., Ltd., a company listed on the Shanghai Stock Exchange with stock code 600512, from October 2013 to November 2016;
- independent director of Shanghai Guangdian Electric Group Co., Ltd., a company listed on the Shanghai Stock Exchange with stock code 601616, from April 2014 to May 2017;
- independent director of Shanghai No.1 Pharmacy Co., Ltd., a company listed on the Shanghai Stock Exchange with stock code 600833, since June 2012;
- independent director of Wonders Information Co., Ltd., a company listed on the Shenzhen Stock Exchange with stock code 300168, since December 2013;

DIRECTORS AND SENIOR MANAGEMENT

- independent director of Jupai, a company listed on NYSE with stock code JP and which is held as to 21.841% by E-House (China) Holdings (one of our Controlling Shareholders) as at the Latest Practicable Date, since July 2015; and
- independent director of Leju, a company listed on NYSE with stock code LEJU and which is held as to 35.297% by the E-House (China) Holdings (one of our Controlling Shareholders) as at the Latest Practicable Date, since March 2017.

Mr. Zhu was also an independent non-executive director of E-House Holdings Limited from 2007 to 2017, and an independent non-executive director of PRC Holdco since 2017.

Notwithstanding Mr. Zhu's engagement as an independent director of four companies listed on the Shenzhen Stock Exchange, Shanghai Stock Exchange or NYSE, Mr. Zhu confirmed that he would devote sufficient time to act as an independent non-executive Director of the Company based on the following:

- based on publicly available information, Mr. Zhu has maintained a high attendance rate for board meetings and committee meetings for such companies during the respective latest financial period;
- Mr. Zhu is neither a full time member of the abovenamed listed companies nor involved in the day-to-day operations or management of the abovenamed listed companies. As such, he has no executive and management responsibility. He is primarily required to attend relevant board meetings, committee meetings and shareholders' meetings of the abovenamed listed companies; and
- with his background and experience, Mr. Zhu is fully aware of the responsibilities and expected time involvements for independent non-executive director. He has not found difficulties in devoting to and managing his time with numerous companies and he is confident that with his experience in being responsible for several roles, he will be able to discharge his duties to our Company.

Based on the above, our Directors are of the view that Mr. Zhu will be able to devote sufficient time to act as an independent non-executive Director of our Company.

Having considered (i) the Directors' view as stated above and based on (ii) the due diligence interview that the Joint Sponsors have conducted with Mr Zhu, (iii) the review of the board meeting attendance rates of Mr Zhu of other listed companies where such information is publicly available from the latest annual reports and (iv) that by being an independent non-executive director of other listed companies does not require Mr Zhu to be involved in the day-to-day management of all such companies, the Joint Sponsors concur with the Directors' view stated above that Mr Zhu will be able to devote sufficient time to act as an independent non-executive Director of the Company.

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Mr. Wang Liquan (王力群), aged 64, has been appointed as an independent non-executive Director of our Company and member of each of the audit committee, remuneration committee and nomination committee, with effect from 10 July 2018. He received his diploma in economic management from the University of Shanghai Urban Construction College in July 1987, and received his bachelor's degree in economics in December 1993 from Correspondence Institute of the Party School of the Central Committee of the Communist Party of China (中國共產黨中央委員會黨校函授學院). Mr. Wang obtained the senior economist certificate issued by the Working Group for the National Reform of the Professional Ranking System of Shanghai (上海市職稱改革工作領導小組) in December 1992.

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

Over the past three years, Mr. Wang has held directorships in the following listed companies:

- independent director of Talkweb Information System Co., Ltd., a company listed on the Shenzhen Stock Exchange with stock code 002261, from May 2010 to June 2016;
- director of Shanghai Fortune Techgroup Co., Ltd., a company listed on the Shenzhen Stock Exchange with stock code 300493, since March 2012;
- director of Shanghai Xintonglian Packaging Co., Ltd., a company listed on the Shanghai Stock Exchange with stock code 603022, from August 2011 to August 2017;
- non-executive director of China Yongda Automobiles Services Holdings Limited, a company listed on the Hong Kong Stock Exchange with stock code 3669, since January 2012;
- independent non-executive director of Huayi Brothers Media Corporation, a company listed on the Shenzhen Stock Exchange with stock code 300027, since August 2014;
- independent director of Shanghai Jiao Yun Group Co., Ltd., a company listed on the Shanghai Stock Exchange with stock code 600676, since November 2014; and
- independent director of Pengxin International Mining Co., Ltd., a company listed on the Shanghai Stock Exchange with stock code 600490, since May 2015.

Notwithstanding Mr. Wang's engagement as a director of five companies listed on the Shenzhen Stock Exchange, Shanghai Stock Exchange or Hong Kong Stock Exchange, Mr. Wang confirmed that he would devote sufficient time to act as an independent non-executive Director of the Company based on the following:

- based on publicly available information, Mr. Wang has maintained a high attendance rate for board meetings and committee meetings for such companies during the respective latest financial period;

DIRECTORS AND SENIOR MANAGEMENT

- save for Shanghai Fortune Techgroup Co., Ltd., Mr. Wang is neither a full time member of the abovenamed listed companies nor involved in the day-to-day operations or management of the abovenamed listed companies. As such, he has no executive and management responsibility. He is primarily required to attend relevant board meetings, committee meetings and shareholders' meetings of these listed companies; and
- with his background and experience, Mr. Wang is fully aware of the responsibilities and expected time involvements for independent non-executive director. He has not found difficulties in devoting to and managing his time with numerous companies and he is confident that with his experience in being responsible for several roles, he will be able to discharge his duties to our Company.

Based on the above, our Directors are of the view that Mr. Wang will be able to devote sufficient time to act as an independent non-executive Director of our Company.

Having considered (i) the Directors' view as stated above and based on (ii) the due diligence interview that the Joint Sponsors have conducted with Mr Wang (iii) the review of the board meeting attendance rates of Mr Wang of other listed companies where such information is publicly available from the latest annual reports and (iv) that by being an independent non-executive director of other listed companies does not require Mr Wang to be involved in the day-to-day management of all such companies, the Joint Sponsors concur with the Directors' view stated above that Mr Wang will be able to devote sufficient time to act as an independent non-executive Director of the Company.

Mr. Li Jin (李勁), aged 51, has been appointed as an independent non-executive Director of our Company and member of the audit committee with effect from 10 July 2018. Mr. Li received his juris doctor degree in law from Columbia University in May 1994.

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

Mr. Li is an independent director of Leju, a company listed on the NYSE with stock code LEJU and which is held as to 35.297% by the E-House (China) Holdings (one of our Controlling Shareholders) as at the Latest Practicable Date, since April 2014. He is also an independent non-executive director of Kingbo Strike Ltd., a company listed on the Hong Kong Stock Exchange with stock code 1421, since June 2017. He also served as a director of Le GAGA Holdings Ltd., an agricultural products producer company formerly listed on NASDAQ with stock code GAGA, from 2006 until it was delisted in 2014.

DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed above, none of our Directors holds any other directorships in any other company listed in Hong Kong or overseas during the three years immediately preceding the date of this document. See the section headed “Statutory and General Information” in Appendix IV for further information about the Directors, including the particulars of their service contracts and remuneration, and details of the interests of the Directors in the Shares (within the meaning of Part XV of the SFO).

Save as disclosed in this document, to the best knowledge, information and belief of our Directors having made all reasonable enquiries, as of the Latest Practicable Date, there were no other matters in respect of each of our Directors which are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there were no other material matters relating to our Directors that need to be brought to the attention of our Shareholders.

SENIOR MANAGEMENT

The senior management team of our Group comprises the following persons:

Name	Age	Position	Roles and Responsibilities	Date of joining the Group	Date of appointment as senior manager
Mr. Zong Lei (宗磊)	45	Chief operating officer	Responsible for the overall business operations of our Group	September 2000	16 March 2018
Ms. Yan An (嚴安)	46	President	Responsible for the overall management of our Group	September 2000	16 March 2018
Mr. Zhou Liang (周亮)	37	Chief financial officer	Overseeing the overall financial management of our Group	September 2016	16 March 2018
Ms. Zhang Yan (張燕)	44	President of real estate data and consulting services division	Overseeing real estate data and consulting services division of the Group	February 2006	16 March 2018
Mr. Ko Ber-Jen (柯博仁)	54	President of real estate brokerage network services division	Overseeing real estate brokerage network services division of the Group	February 2010	16 March 2018

Mr. Zong Lei (宗磊), aged 45, is our chief operating officer and is responsible for the overall business operations of our Group. Mr. Zong received an executive master’s degree in business administration from the University of Toronto in May 2007.

DIRECTORS AND SENIOR MANAGEMENT

Since joining our business in September 2000, Mr. Zong has served in numerous positions in our Group including as:

- planning manager of E-House Management from September 2000 to February 2003;
- planning and project director of E-House Management from February 2003 to January 2007;
- general manager of E-House Management (Shanghai Branch) from January 2007 to February 2010;
- vice president and general manager of E-House Management (Wuhan and Changsha Branch) from February 2010 to December 2013;
- vice president and general manager of E-House Management (Hubei Branch) from January 2014 to December 2014;
- chief executive officer of E-House Management from January 2015 to July 2016; and
- chief operating officer of PRC Holdco since August 2016.

Ms. Yan An (嚴安), aged 46, is our president and is responsible for the overall management of our Group. Ms. Yan received her master's degree in human resources from Renmin University of China (中國人民大學) in 2010.

Since joining our Group in September 2000, Ms. Yan has served in numerous positions in our Group including as:

- deputy director of the operations management department of E-House Management from December 2002 to December 2009;
- vice president and deputy operating officer of E-House Management from January 2010 to December 2011;
- chief operating officer of E-House Management from January 2012 to July 2016;
- vice president and director of the operations department of E-House (China) Holdings from August 2016 to January 2018; and
- deputy general manager and secretary to the Board of PRC Holdco since August 2016.

Mr. Zhou Liang (周亮), aged 37, is our chief financial officer and is responsible for overseeing the overall financial management of our Group. He received his bachelor's degree in business administration from Shanghai Jiaotong University (上海交通大學) in July 2003.

Mr. Zhou Liang has been the chief financial officer of PRC Holdco since joining our Group in September 2016. Prior to joining our Group, Mr. Zhou previously worked at Ernst and Young (安永會計師事務所) from September 2003 to September 2016 including as a senior manager and as a partner.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Zhang Yan (張燕), aged 44, is the president of the real estate data and consulting services division and is responsible for overseeing real estate data and consulting services division of the Group. She received her master's degree in law majoring in scientific socialism (科學社會主義) from the Sichuan Academy of Social Sciences (四川省社會科學院) in July 1999 and her executive master's degree in business administration from China Europe International Business School (中歐商學院) in August 2017.

Ms. Zhang has over 14 years of experience in the real estate industry, beginning in September 1999 as senior real estate editor for Shenzhen Special Zone Newspaper (《深圳特區報》房產部資深編輯), a position she remained in until September 2001. From May 2001 to January 2005, she was executive deputy editor of the Pioneer Weekly (《先鋒•居周刊》) at Chengdu Economic Daily (《成都商報》).

She joined our business in February 2006, she served as director of the promotion centre from February 2006 to December 2010, with responsibility for the integration and promotion of our operations and brand. She also served as the general manager, vice president and president of our Northern-China division for real estate data and consulting services business from 2008 to 2016. Ms. Zhang has been an executive president of PRC Holdco since August 2016, primarily responsible for the real estate data and consulting services business.

Mr. Ko Ber-Jen (柯博仁), aged 54, is our president of real estate brokerage network services division and is responsible for overseeing the real estate brokerage network services division of the Group. Mr. Ko received his bachelor's degree in business administration from the China University of Technology (formerly known as the China Junior College of Industrial and Commercial Management) in July 1985. He served as the general manager of Shanghai Chenxin Real Estate Brokerage Co., Ltd. (上海臣信房地產經紀有限公司) from 2002 to 2009.

Since joining our business in February 2010, Mr. Ko has served numerous positions in our Group, including as:

- principal of E-House College (易居學院) from 2010 to 2012;
- director and board chairman of Shanghai E-House Chenxin Real Estate Brokerage Co., Ltd. (上海易居臣信房地產經紀有限公司) from 2010 to 2015;
- executive general manager of Leju Secondary Housing Shanghai Company (樂居二手房上海公司) from 2012 to 2015;
- executive president of the real estate brokerage network services division of PRC Holdco since 2015.

JOINT COMPANY SECRETARY

Mr. Zhou Liang (周亮) is our chief financial officer and joint company secretary. Please see his biography in the part headed “– Senior Management”.

Mr. Cheng Ching Kit (鄭程傑) was appointed on 12 June 2018 as our joint company secretary.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Cheng is the Company Secretarial Executive of SWCS Corporate Services Group (Hong Kong) Limited, a professional services provider specialising in corporate services, and has over 5 years of experience in corporate secretarial field. He is an associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom. In addition, he holds a Bachelor of Commerce degree in finance from the University of Queensland, Australia.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

Audit committee

We have established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system (including risk management) of the Group, review and approve connected transactions and provide advice and comments to the board of Directors. The audit committee consists of three members, namely Mr. Zhang Bang, Mr. Li Jin, and Mr. Wang Liquan. Mr. Zhang Bang has been appointed as the chairman of the audit committee and is our independent non-executive Director with the appropriate professional qualifications.

Remuneration committee

We have established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management. The remuneration committee consists of three members, namely Mr. Zhu Hongchao, Mr. Cheng Li-Lan, and Mr. Wang Liquan. Mr. Zhu Hongchao has been appointed as the chairman of the remuneration committee.

Nomination committee

We have established a nomination committee with written terms of reference in compliance with the Code on Corporate Governance and Corporate Governance Report in Appendix 14 to the Listing Rules. The primary duties of the nomination committee are to make recommendations to our Board on the appointment of Directors and management of Board succession. The nomination committee consists of three members, namely Mr. Zhou Xin, Mr. Wang Liquan, and Mr. Zhu Hongchao. Mr. Zhou Xin has been appointed as the chairman of the nomination committee.

Corporate Governance Code

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. In order to accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix 14 of the Listing Rules after the Listing.

DIRECTORS AND SENIOR MANAGEMENT

Management presence

According to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Since the principal business operations of our Group are conducted in China, members of our senior management are, and are expected to continue to be, based in China. Further, as our executive Directors have a vital role in our Group's operations, it is crucial for them to remain in close proximity to our Group's central management located in China. Our Company does not and, for the foreseeable future, will not have a sufficient management presence in Hong Kong. We have applied for, and the Stock Exchange has granted, a waiver from compliance with Rule 8.12 of the Listing Rules. For further details, please see the section headed "Waivers From Strict Compliance With The Listing Rules And The Companies (Winding Up And Miscellaneous Provisions) Ordinance – Waiver in respect of Management Presence in Hong Kong".

COMPLIANCE ADVISOR

We have appointed SPDB International Capital Limited as our Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company, among others, in the following circumstances:

- (a) before the publication of any regulatory announcement, circular, or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this document or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this document; and
- (d) where the Stock Exchange makes an inquiry to the Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of the Compliance Advisor shall commence on the Listing Date and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date.

DIRECTORS AND SENIOR MANAGEMENT

REMUNERATION

Our Directors and senior management receive remuneration, including salaries, allowances and benefits in kind, including our contribution to the pension plan on their behalf.

The aggregate amount of remuneration (including basic salaries, housing allowances, other allowances and benefits in kind, contributions to pension plans and discretionary bonuses) for our Directors for the years ended 31 December 2015, 2016 and 2017 and the three months ended 31 March 2018 was approximately RMB5.57 million, RMB6.42 million, RMB7.87 million and RMB1.49 million, respectively. None of our Directors waived any remuneration during the aforesaid periods.

The aggregate amount of remuneration (including basic salaries, housing allowances, other allowances and benefits in kind, contributions to pension plans and discretionary bonuses) for the five highest paid individuals for the years ended 31 December 2015, 2016 and 2017 and the three months ended 31 March 2018 was approximately RMB15.35 million, RMB16.14 million, RMB16.11 million and RMB2.91 million, respectively.

Save as disclosed above, no other payments have been paid or are payable, in respect of the years ended 31 December 2015, 2016 and 2017 and the three months ended 31 March 2018 by our Company to our Directors or senior management.

No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or receivable by, our Directors or past directors for the Track Record Period for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the same period.

See the sections headed “Statutory and general information – Pre-IPO Share Option Scheme” and “Statutory and general information – Post-IPO Share Option Scheme” in Appendix IV for details regarding the incentive plans for senior management.

SUBSTANTIAL SHAREHOLDERS

Except as disclosed below, our Directors are not aware of any other person who will, immediately following the completion of the Global Offering, and assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of the options which were granted under the Pre-IPO Share Option Scheme or options which may be granted under the Post-IPO Share Option Scheme, have any interest and/or short position in the Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, is are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

Interest in our Company

So far as our Directors are aware, immediately following the completion of the Global Offering, and assuming that the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised and no grants of options will be made under the Post-IPO Share Option Scheme, the following persons will have interests or short positions in our Shares or our underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares ⁽¹⁾	Approximate percentage of interest in our Company as of the date of this document	Approximate percentage of interest in our Company immediately following the completion of the Global Offering ⁽²⁾
CRE Corp ⁽³⁾	Beneficial owner	228,920,000	20.000%	15.600%
Kanrich	Beneficial owner	45,784,000	4.000%	3.120%
Regal Ace	Beneficial owner	18,566,975	1.622%	1.265%
E-House (China) Holdings ⁽³⁾	Interest of controlled corporations	228,920,000	20.000%	15.600%
E-House Holdings ⁽³⁾	Interest of controlled corporations	228,920,000	20.000%	15.600%
Jun Heng ⁽³⁾	Interest of controlled corporations	228,920,000	20.000%	15.600%
On Chance ⁽³⁾	Interest of controlled corporations	228,920,000	20.000%	15.600%
Mr. Zhou ⁽³⁾	Interest of controlled corporations and beneficial owner	307,730,975	26.89%	20.971%

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Capacity/Nature of Interest	Number of Shares ⁽¹⁾	Approximate percentage of interest in our Company as of the date of this document	Approximate percentage of interest in our Company immediately following the completion of the Global Offering ⁽²⁾
Country Garden (Hong Kong) Development Company Limited ⁽⁴⁾	Beneficial owner	171,690,000	15.000%	11.700%
Smart World Development Holdings Ltd ⁽⁴⁾	Interest of controlled corporations	171,690,000	15.000%	11.700%
Country Garden ⁽⁴⁾	Interest of controlled corporations	171,690,000	15.000%	11.700%
Jovial Idea Developments Limited ⁽⁵⁾	Beneficial owner	171,690,000	15.000%	11.700%
Central Sind Global Limited ⁽⁵⁾	Interest of controlled corporations	171,690,000	15.000%	11.700%
Tianji Holding Limited ⁽⁵⁾	Interest of controlled corporations	171,690,000	15.000%	11.700%
Hengda Real Estate Group Company Limited (恒大地產集團有限公司) ⁽⁵⁾	Interest of controlled corporations	171,690,000	15.000%	11.700%
Guangzhou Kailong Real Estate Company Limited (廣州市凱隆置業有限公司) ⁽⁵⁾	Interest of controlled corporations	171,690,000	15.000%	11.700%
Guangzhou Chaofeng Land Company Limited (廣州市超豐置業有限公司) ⁽⁵⁾	Interest of controlled corporations	171,690,000	15.000%	11.700%
ANJI (BVI) Limited (安基BVI有限公司) ⁽⁵⁾	Interest of controlled corporations	171,690,000	15.000%	11.700%
Evergrande ⁽⁵⁾	Interest of controlled corporations	171,690,000	15.000%	11.700%
Captain Valley (Cayman) Limited ⁽⁶⁾	Beneficial owner	171,690,000	15.000%	11.700%
Climax Fame (BVI) Limited ⁽⁶⁾	Interest of controlled corporations	171,690,000	15.000%	11.700%
Vanke Finance (Hong Kong) Limited ⁽⁶⁾	Interest of controlled corporations	171,690,000	15.000%	11.700%
Vanke Property (Hong Kong) Company Limited ⁽⁶⁾	Interest of controlled corporations	171,690,000	15.000%	11.700%

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Capacity/Nature of Interest	Number of Shares ⁽¹⁾	Approximate percentage of interest in our Company as of the date of this document	Approximate percentage of interest in our Company immediately following the completion of the Global Offering ⁽²⁾
Shanghai Vanke Real Estate Company Limited ⁽⁶⁾	Interest of controlled corporations	171,690,000	15.000%	11.700%
Shanghai Vanke Investment and Management Company Limited ⁽⁶⁾	Interest of controlled corporations	171,690,000	15.000%	11.700%
Vanke ⁽⁶⁾	Interest of controlled corporations	171,690,000	15.000%	11.700%

Notes:

(1) The number of Shares represents Shares held following the completion of the Global Offering.

(2) It is assumed that the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised and no grants of options will be made under the Post-IPO Share Option Scheme.

(3) CRE Corp is a wholly-owned subsidiary of E-House (China) Holdings, itself a wholly-owned subsidiary of E-House Holdings. E-House Holdings is held as to 33.13% by On Chance, 14.65% by Jun Heng, and 52.22% by Mr. Zhou. Jun Heng is wholly-owned by On Chance which is in turn wholly-owned by Mr. Zhou.

Kanrich is wholly owned by Mr. Zhou and Regal Ace is owned as to 51% by Mr. Zhou. Mr. Zhou is deemed to be interested in 228,920,000 Shares, 45,784,000 Shares and 18,566,975 Shares held by CRE Corp, Kanrich and Regal Ace, respectively.

Mr. Zhou was granted options under the Pre-IPO Share Option Scheme which entitle him to subscribe for 14,460,000 Shares.

(4) Country Garden (Hong Kong) Development Company Limited is a wholly-owned subsidiary of Smart World Development Holdings Ltd, itself a wholly-owned subsidiary of Country Garden Holdings Company Limited (碧桂園控股有限公司). Country Garden Holdings Company Limited is a company listed on the Stock Exchange with stock code 2007.

(5) Jovial Idea Developments Limited is wholly-owned by Central Sind Global Limited (中華環球有限公司), which is in turn wholly-owned by Tianji Holding Limited (天基控股有限公司). Tianji Holding Limited is wholly-owned by Hengda Real Estate Group Company Limited (恒大地產集團有限公司), which is owned as to 63.46% by Guangzhou Kailong Real Estate Company Limited (廣州市凱隆置業有限公司), which is in turn wholly-owned by Guangzhou Chaofeng Land Company (廣州市超豐置業有限公司). Guangzhou Chaofeng Land Company (廣州市超豐置業有限公司) is wholly-owned by ANJI (BVI) Limited (安基BVI有限公司), which is wholly-owned by China Evergrande Group (中國恒大集團有限公司), a company listed on the Stock Exchange with stock code 3333.

(6) Captain Valley (Cayman) Limited is wholly-owned by Climax Fame (BVI) Limited, which is in turn wholly-owned by Vanke Finance (Hong Kong) Limited. Vanke Finance (Hong Kong) Limited is wholly-owned by Vanke Property (Hong Kong) Company Limited, which is in turn wholly-owned by Shanghai Vanke Real Estate Company Limited. Shanghai Vanke Real Estate Company Limited is wholly-owned by Shanghai Vanke Investment and Management Company Limited, which is in turn wholly-owned by China Vanke Company Limited (萬科企業股份有限公司), a company listed on the Stock Exchange and the Shenzhen Stock Exchange with stock codes 2202 and 000002, respectively.

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders of members of our Group

Name of substantial shareholder	Capacity/Nature of Interest	Name of member of our Group	Approximate percentage of interest held by the substantial shareholder
Shanghai Urban Development (Group) Co., Ltd. (上海城開(集團)有限公司)	Beneficial owner	Shanghai Urban Development Real Estate Brokerage Co., Ltd. (上海城開房地產經紀有限公司)	49%
Mr. Zhou Dongwen (周冬文)	Beneficial owner	Shenzhen Fangyou Software Technology Co., Ltd. (深圳市房友軟件技術有限公司)	10%
Ms. Cai Ting (蔡婷)	Beneficial owner	Shanghai Zhuxiang Information Technology Co., Ltd. (上海築想信息科技股份有限公司)	32.79%
Mr. Chen Sheng (陳晟)	Beneficial owner	Shanghai Anfangle Information Technology Co., Ltd. (上海安房樂信息技術有限公司)	20%
Mr. Ma Hongbo (馬洪波)	Beneficial owner	Shanghai CRIC Commercial Consultancy Co., Ltd. (上海克而瑞商務諮詢有限公司)	49%
China Real Estate Association (中國房地產業協會)	Beneficial owner	Beijing CREA Technology Services Ltd. (北京中房研協技術服務有限公司)	49%
Ms. Hu Xiaoying (胡曉鶯)	Beneficial owner	Shanghai Lewei Enterprise Management Co., Ltd. (上海樂葦企業管理有限公司)	49%

SHARE CAPITAL

AUTHORISED AND ISSUED SHARE CAPITAL

The following is a description of the authorised and issued share capital of our Company in issue and to be issued as fully paid or credited immediately before and following the completion of the Global Offering:

Authorised Share Capital

Number of Shares	Aggregate nominal value of Shares
<u>5,000,000,000</u>	<u>US\$50,000</u>

Issued Share Capital

The issued share capital of our Company immediately following the completion of the Global Offering (without taking into account the exercise of the Over-allotment Option or Shares which may be issued upon the exercise of the options which were granted under the Pre-IPO Share Option Scheme or the options which may be granted under the Post-IPO Share Option Scheme) will be as follows:

Number of Shares	Description of Shares	Aggregate nominal value of Shares (US\$)
1,144,600,000	Shares in issue as of the date of this document	11,446
<u>322,836,000</u>	Shares to be issued under the Global Offering	<u>3,288.36</u>
<u>1,467,436,000</u>	Shares in total	<u>14,674.36</u>

SHARE CAPITAL

Assumptions

The above table assumes that (i) the Global Offering becomes unconditional and Shares are issued pursuant to the Global Offering and (ii) the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised and no options are granted under the Post-IPO Share Option Scheme. The above tables also do not take into account any Shares which may be issued or repurchased by us under the general mandates granted to our Directors as referred to the section below headed “– Potential changes to share capital”.

Ranking

The Offer Shares will rank pari passu in all respects with all Shares currently in issue or to be issued as mentioned in this document, and will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares on a record date which falls after the date of this document.

POTENTIAL CHANGES TO SHARE CAPITAL

Circumstances under which general meetings are required

Our Company has only one class of Shares, namely ordinary shares, and each Share ranks pari passu with the other Shares.

Pursuant to Cayman Companies Law and the terms of the Memorandum of Association and Articles of Association, our Company may from time to time by ordinary resolution of Shareholders (i) increase its capital; (ii) consolidate and divide its capital into shares of larger amount; (iii) divide its shares into several classes; (iv) subdivide its shares into shares of smaller amount; and (v) cancel any shares which have not been taken. In addition, our Company may, subject to the provisions of the Cayman Companies Law, reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. See the section headed “Summary of the Constitution of the Company and Cayman Company Law – Summary of the constitution of the Company – Articles of Association – Alteration of capital” in Appendix III for further details.

Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme

We adopted the Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme. Please see the sections headed “Statutory and general information – Pre-IPO Share Option Scheme” and “Statutory and general information – Post-IPO Share Option Scheme” in Appendix IV for further details.

SHARE CAPITAL

General mandate to issue Shares

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with a total nominal value of not more than the sum of:

- 20% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering (excluding any Shares that may be issued pursuant to the exercise of the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme and the options which may be granted under the Post-IPO Share Option Scheme); and
- the aggregate nominal value of Shares repurchased by us under the authority referred to in the paragraph headed “General mandate to repurchase Shares” in this section.

This general mandate to issue Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- the expiration of the period within which our Company’s next annual general meeting is required by the Memorandum of Association and Articles of Association or any other applicable laws to be held; and
- the date on which it is varied or revoked by an ordinary resolution of our Shareholders passed in a general meeting.

See the section headed “Statutory and General Information – Further Information about our Company and our Subsidiaries – Resolutions of the Shareholders of our Company dated 4 July 2018” in Appendix IV for further details of this general mandate to allot, issue and deal with Shares.

General mandate to repurchase Shares

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase our own securities with a total nominal value of up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the Global Offering (excluding any Shares that may be issued pursuant to the exercise of the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme and the options which may be granted under the Post-IPO Share Option Scheme).

SHARE CAPITAL

The repurchase mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares are listed (and which are recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed “Statutory and General Information – Further Information about our Company and our Subsidiaries – Repurchase of our own securities” in Appendix IV.

This general mandate to repurchase Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- the expiration of the period within which our Company’s next annual general meeting is required by the Memorandum of Association and Articles of Association or any other applicable laws to be held; and
- the date on which it is varied or revoked by an ordinary resolution of our Shareholders passed in a general meeting.

See the section headed “Statutory and General Information – Further Information about our Company and our Subsidiaries – Repurchase of our own securities” in Appendix IV for further details of this general mandate to repurchase Shares.

CORNERSTONE INVESTORS

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a “**Cornerstone Investment Agreement**”, and together the “**Cornerstone Investment Agreements**”) with the cornerstone investors set out below (each a “**Cornerstone Investor**”, and together, the “**Cornerstone Investors**”), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe at the Offer Price a certain number of our Offer Shares (the “**Cornerstone Placing**”).

Assuming an Offer Price of HK\$14.38, being the low-end of the indicative Offer Price Range set out in this document, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 138,053,400 Offer Shares, representing approximately 42.76% of the Offer Shares and approximately 9.41% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised and no options are granted under the Post-IPO Share Option Scheme).

Assuming an Offer Price of HK\$16.03, being the mid-point of the indicative Offer Price Range set out in this document, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 131,395,800 Offer Shares, representing approximately 40.70% of the Offer Shares and approximately 8.95% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised and no options are granted under the Post-IPO Share Option Scheme).

Assuming an Offer Price of HK\$17.68, being the high-end of the indicative Offer Price Range set out in this document, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 125,980,200 Offer Shares, representing approximately 39.02% of the Offer Shares and approximately 8.59% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised and no options are granted under the Post-IPO Share Option Scheme).

The Cornerstone Placing will form part of the International Offering, and the Cornerstone Investors will not subscribe for any Offer Shares under the Global Offering. The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respect with the fully paid Shares in issue and will be counted towards the public float of our Company under Rule 8.24 of the Listing Rules. Immediately following the completion of the Global Offering, the Cornerstone Investors will not have any Board representation in our Company, nor will it become a substantial shareholder of the Company. To the best knowledge of our Company, each of the Cornerstone Investors is an Independent Third Party and independent of other Cornerstone Investors, and is not our connected person (as defined in the Listing Rules).

The total number of Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Placing may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed “Structure of the Global Offering – The Hong Kong Public Offering – Reallocation”. After such reallocation (if any), the number of Offer Shares to be subscribed by each of the Cornerstone Investors will be determined at the discretion of the Company and the relevant Joint Global Coordinator(s). Details of allocation to the Cornerstone Investors will be disclosed in the announcement of allotment results of our Company to be published on or about 19 July 2018.

CORNERSTONE INVESTORS

The table below sets forth details of Cornerstone Placing:

Cornerstone Investor	Total subscription amount	Assuming a final Offer Price of HK\$14.38 per Offer Share (being the low-end of the indicative Offer Price Range)				Assuming a final Offer Price of HK\$16.03 per Offer Share (being the mid-point of the indicative Offer Price Range)				Assuming a final Offer Price of HK\$17.68 per Offer Share (being the high-end of the indicative Offer Price Range)			
		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
		Number of Offer Shares to be subscribed ⁽²⁾	Approximate % of the Shares in issue ⁽³⁾	Approximate % of the Shares in issue ⁽³⁾	Approximate % of the Shares in issue ⁽³⁾	Number of Offer Shares to be subscribed ⁽²⁾	Approximate % of the Shares in issue ⁽³⁾	Approximate % of the Shares in issue ⁽³⁾	Approximate % of the Shares in issue ⁽³⁾	Number of Offer Shares to be subscribed ⁽²⁾	Approximate % of the Shares in issue ⁽³⁾	Approximate % of the Shares in issue ⁽³⁾	Approximate % of the Shares in issue ⁽³⁾
Taobao China Holding Limited (淘寶中國控股有限公司)	US\$50,000,000 (HK\$392,315,000) ⁽¹⁾	27,281,700	8.45	1.86	7.35	1.80	7.58	1.67	6.59	1.61	6.87	1.51	5.98
Successful Lotus Limited	HK\$300,000,000	20,862,300	6.46	1.42	5.62	1.38	5.80	1.28	5.04	1.23	5.26	1.16	4.57
City Legend International Limited (華昌國際有限公司)	HK\$1,297,215,192 ⁽⁴⁾	73,371,900	22.73	5.00	19.76	4.84	22.73	5.00	19.76	4.84	22.73	5.00	19.76
Eduardo Company Limited	HK\$237,810,000	16,537,500	5.12	1.13	4.45	1.09	4.60	1.01	4.00	0.98	4.17	0.92	3.62

Notes:

- (1) Calculated based on an exchange rate of US\$1.00 to HK\$7.8463 as described in the section headed "Information about this Document and the Global Offering – Exchange Rate Conversion". The actual investment amount of each Cornerstone Investor in Hong Kong dollars may vary due to the actual exchange rate prescribed in the relevant Cornerstone Investment Agreement.
- (2) Subject to rounding down to the nearest whole board lot of 300 Shares.
- (3) Immediately following the completion of the Global Offering and assuming the options granted under the Pre-IPO Share Option Scheme are not exercised and no options are granted under the Post-IPO Share Option Scheme.
- (4) Assuming the final Offer Price of HK\$17.68 per Offer Share (being the high-end of the indicative Offer Price Range). The total subscription amount will be HK\$1,176,151,557, if the final Offer Price is HK\$16.03 per Offer Share (being the mid-point of the indicative Offer Price Range). The total subscription amount will be HK\$1,055,087,922, if the final Offer Price is HK\$14.38 per Offer Share (being the low-end of the indicative Offer Price Range).

CORNERSTONE INVESTORS

THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

1. Taobao China Holding Limited (淘寶中國控股有限公司)

Taobao China Holding Limited has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with US\$50,000,000 at the Offer Price.

Taobao China Holding Limited is a company incorporated in Hong Kong with limited liability, and is an indirect wholly-owned subsidiary of Alibaba Group Holding Limited. It is the direct holding company of the PRC subsidiaries relating to Taobao Marketplace and Tmall and operating entity for the overseas business of Taobao Marketplace and Tmall Global. Alibaba Group Holding Limited is a company incorporated in the Cayman Islands and its American depositary shares are listed on the New York Stock Exchange.

2. Successful Lotus Limited

Successful Lotus Limited has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with HK\$300,000,000 at the Offer Price.

Successful Lotus Limited is an investment company wholly owned by Mr. LEE Ka Kit. Mr. LEE Ka Kit is an executive director and the vice chairman of Henderson Land Development Company Limited, a company listed on the Hong Kong Stock Exchange with stock code 12.

3. City Legend International Limited (華昌國際有限公司)

City Legend International Limited has agreed to subscribe for 73,371,900 Shares at the Offer Price, representing approximately 5% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised and no options are granted under the Post-IPO Share Option Scheme).

City Legend International Limited, a company incorporated in Hong Kong with limited liability and is wholly owned by Overseas Chinese Town (Asia) Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (3366.HK). Overseas Chinese Town (Asia) Holdings Limited is principally engaged in the property development business and the manufacture and sale of cartons and paper products.

4. Educado Company Limited

Educado Company Limited has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with HK\$237,810,000 at the Offer Price.

Educado Company Limited is an investment holding company wholly owned by City Developments Limited. City Developments Limited is a leading global real estate development, investment and management company listed on the Singapore Exchange.

CLOSING CONDITIONS

The obligation of each Cornerstone Investors to acquire the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

- (i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms, as subsequently varied by agreement of the parties thereto or waived, to the extent it may be waived, by the relevant parties) by no later than the time and date as specified in the Hong Kong Underwriting Agreement and the International Underwriting Agreement, and neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated or lapsed;
- (ii) the Offer Price having been agreed upon between the Company and the Joint Representatives or the representative(s) of the Joint Representatives (for themselves and on behalf of the underwriters of the Global Offering);
- (iii) the Listing Committee having granted the approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering and that such approval or permission having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (iv) no laws shall have been enacted or promulgated by any Governmental Authority (as defined in the relevant Cornerstone Investment Agreement) which prohibits the consummation of the transactions contemplated under the Global Offering or the Cornerstone Investment Agreement, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (v) the representations, warranties, acknowledgements, undertakings and confirmations of the Cornerstone Investor under the Cornerstone Investment Agreement are and will be (as of the closing of the Cornerstone Investment Agreement) accurate and true in all material respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of the Cornerstone Investor.

CORNERSTONE INVESTORS

In addition, the subscription obligation in relation to the Cornerstone Placings with each of Taobao China Holding Limited and Educado Company Limited are also subject to the additional condition precedent that the final Offer Price is fixed at a price no more than HK\$17.68 per Offer Share excluding brokerage, SFC transaction levy and Stock Exchange trading fee.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the “**Lock-up Period**”), dispose of any of the Offer Shares they have purchased pursuant to the relevant cornerstone investor agreements, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

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You should read the following discussion and analysis with the audited consolidated financial information of our Group, including the notes thereto, included in the Accountants' Report in Appendix I to this document. The consolidated financial information of our Group have been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions, including the United States. For the purpose of this section, unless the context otherwise requires, references to 2015, 2016 and 2017 refer to our financial years ended 31 December of such years.

The following discussion and analysis may contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this document.

OVERVIEW

We are the leading real estate transaction service provider in China as we have the largest revenue from real estate agency services in the primary market in 2017, the most cities with both real estate transaction data and land data covered, and the second largest real estate brokerage network by the number of stores as of 31 December 2017, according to the Cushman & Wakefield Report. We mainly offer real estate agency services in the primary market, real estate data and consulting services and real estate brokerage network services. We serve real estate developers, buyers, brokerage firms and other industry participants, covering various aspects of the real estate value chain.

Our business benefits from our close relationships with many of China's most prominent real estate developers, particularly in light of the continuing trend of market consolidation in the real estate development industry. We have served all of the Top 100 Real Estate Developers or their respective related companies in China. Country Garden, Vanke and Evergrande, the top three of the Top 100 Real Estate Developers and also our Shareholders, reported combined contracted sales of approximately RMB1.6 trillion in 2017. As of the Latest Practicable Date, we had entered into strategic cooperation agreements with 46 leading real estate developers with terms ranging from one year to six years. Our strategic relationships with these leading developers increase the stability and predictability of customer demand for our services across our three major business lines. As of 31 March 2018, we had a contracted pipeline of a total GFA of 227.2 million square meters in 1,068 projects for our real estate agency services in the primary market.

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Our three major business lines complement each other, generating powerful business synergies and abundant cross-selling opportunities. We collect a large amount of real estate data from the operations of our agency and brokerage network services, which continuously strengthen our proprietary databases and allow us to provide better data and consulting services. We leverage our data capabilities to provide real estate developers with various services at the early stages of property development projects, such as market research reports, positioning analysis and feasibility studies, which better positions us to gain agency contracts. In addition, we can help our developer customers expand their sales channels by sourcing buyers of new properties through real estate brokerage firms we cooperate with. In 2017, 2,093 new property units with a total GFA of approximately 190,005 square metres were sold to buyers we sourced for our developer customers in cooperation with Fangyou-branded stores and other real estate brokerage firms. Propelled by our three business engines and our asset-light business model, we experienced significant growth during the Track Record Period. Our revenue increased from RMB2.7 billion in 2015 to RMB4.6 billion in 2017, representing a CAGR of 30.6%, and increased by 8.8% from RMB854.8 million in the three months ended 31 March 2017 to RMB930.2 million in the three months ended 31 March 2018. Our profit and total comprehensive income for the year increased from RMB177.2 million in 2015 to RMB765.3 million in 2017, representing a CAGR of 107.8%, and increased by 12.8% from RMB135.1 million in the three months ended 31 March 2017 to RMB152.4 million in the three months ended 31 March 2018.

BASIS OF PRESENTATION

Our Company was established as an exempted liability company in the Cayman Islands on 22 February 2010. Following the reorganisation of certain interests in our Company, as more fully explained in the “History, Reorganisation and Corporate Structure – Our Corporate Reorganisation,” our Company became the holding company of the companies comprising our Group in March 2018. As these companies, our Company and the real estate agency services business of E-House Management and Beijing EJU Enterprise Management Consulting Co., Ltd. are under common control of E-House (China) Holdings before and after such reorganisation, our Group is regarded as a continuing entity. Our financial information for the Track Record Period has been prepared on the basis as if our Company had always been the holding company of our Group using the principal of merger accounting. Our consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, which primarily include the following:

Our relationships with real estate developers

Real estate developers in China are our most important customers. During the Track Record Period, we generated revenue primarily from the provision of real estate agency services in the primary market to our developer clients. Revenue from our real estate agency services in the primary market accounted for 86.0%, 89.3%, 84.7% and 79.0% of our total revenue in 2015, 2016 and 2017 and the three months ended 31 March 2018, respectively. Revenue from real estate agency services in the primary market is determined by the total value of new properties sold and the average commission rate. The total value of new properties sold in turn is determined by the total GFA and the average selling price of new properties sold. Therefore, our business and results of operations are affected by our ability to maintain and grow the GFA we market and sell on behalf of real estate developers and our ability to realise the sales targets set by our developer customers. In addition, real estate developers are also major customers of our real estate data and consulting services. Our real estate brokerage network services currently also generate most of the revenue from commissions paid by real estate developers for sourcing buyers of new properties through Fangyou-branded stores and other real estate brokerages firms we cooperate with. We expect that revenue from real estate brokerage network services will grow quickly in the next few years and will continue to consist predominantly of commissions paid by real estate developers. As a result, our business growth will continue to rely on real estate developers as our major customers, and our ability to maintain our relationships with existing developer customers and acquire new developer customers has a significant impact on our business, results of operations and prospects.

Our relationships with certain top developers in China are particularly important to our business. Revenue from our five largest customers, all of which are top developers in China, accounts for 31.7%, 36.6%, 44.1% and 47.0% of our total revenue in 2015, 2016 and 2017 and the three months ended 31 March 2018, respectively. Some of our customers, such as Evergrande, Vanke and Country Garden, are also our Shareholders. As of the Latest Practicable Date, we had entered into strategic cooperation agreements with 46 leading real estate developers in China, with terms ranging from one year to six years. Strategic long-term relationships with top developers in China increase the stability and predictability of customer demand for our services across our three major business lines. As of 31 March 2018, we had a contracted pipeline of a total GFA of 227.2 million square metres in 1,068 projects for our real estate agency services in the primary market. In addition, strategic relationships with developers also help us expand into new cities and regions. However, if for any reason our relationships with our developer customers deteriorate, our business and results of operations may be adversely affected.

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The success of our innovative real estate brokerage service business model

In order to maintain our business growth, apart from strengthening our traditional real estate agency business in the primary market, we have also developed an innovative “S2B2C” business model to operate our real estate brokerage network services under our Fangyou brand. Under this new business model, we encourage small and medium-sized brokerage firms to join our Fangyou network to utilise our resources to realise their business growth. As of 31 March 2018, the number of our Fangyou-branded stores had reached 5,211 and covered 32 cities across China. We plan to further expand our network in the coming years. We currently do not charge any fees from brokerage firms for using our resources. Almost all of the revenue generated from our real estate brokerage network services is from the sales of real estate property units in the primary market through our Fangyou brokerage network. We cooperate with small and medium-sized brokerage firms to source buyers of new properties for our developer customers. For every real estate unit in the primary market sold to property buyer sourced by brokerage firms, we are entitled to retain a certain percentage of the commission real estate developers pay to the brokerage firms. This type of off-site sale generates a stable source of income for our real estate brokerage network services. We are also exploring other revenue sources such as by offering apartment rental, real estate financing, relocation and home decoration services provided by our business partners. As a result, our ability to successfully operate our real estate brokerage network services under this new business model will have a significant impact on our business and results of operations.

Our ability to continuously upgrade our existing products and develop new products for our real estate data and consulting services that are appealing to our clients

The operation of our real estate data and consulting services relies heavily on our ability to upgrade our existing products and develop new products that are appealing to our clients. Relying on the data technology, we have developed several proprietary real estate databases, systems and software for our real estate data and consulting services, which together with our analytical capability, enable us to provide insightful data-based consulting and information services to our clients. Our products provide our clients with valuable information for their business operations and enable them to make informed decisions. To make sure our real estate data and consulting services are continuously attractive to our clients, we need to be sensitive to the evolving customer demand and upgrade our products to meet their demand. We also need to keep abreast of the latest development of new technologies and develop new products to capture new opportunities for our business growth. If we fail to do so, our overall business operations and our results of operations may be adversely affected.

Our ability to manage our costs and expenses

As a service provider, we rely on qualified employees to provide services to our clients. As a result, our staff costs are the largest cost we incur in our business operations and our ability to manage our staff costs affect our results of operations. In 2015, 2016 and 2017 and the three months ended 31 March 2018, our staff costs were RMB1,736.7 million, RMB2,401.9 million, RMB2,623.3 million and RMB503.4 million, respectively, representing approximately

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63.9%, 60.1%, 56.6% and 54.1% of the total revenue in each corresponding period. Our staff costs consist primarily of salaries, bonuses, commissions and social welfare contributions paid to or on behalf of our employees. As part of our efforts to manage our staff costs and improve our profit margins while ensuring consistent service quality, we utilise various measures to control our staff costs. These measures include streamlining and standardising our real estate agency services in the primary market, organising systematic and regular staff trainings and strengthening our data capability to reduce our reliance on labour. The application of these measures not only improves our service efficiency, but also enables us to maintain a lower level of employee turnover rate.

Our other major operational costs and expenses include, among others, advertising and promotion expenses, consultancy expenses, loss allowance on financial assets measured at amortised cost, and operating lease charges in respect of office premises. As our business continues to expand, the increase in these operational costs and expenses is likely to be partially offset by our increasing economies of scale and improving operational efficiency.

General market conditions and regulatory environment of the real estate industry in China

As a real estate services provider, our business is closely related to the real estate industry in China. For example, we provide real estate agency services in the primary market to developer clients for their newly developed properties. Revenue from such services accounted for 86.0%, 89.3%, 84.7% and 79.0% of our total revenue in 2015, 2016 and 2017 and the three months ended 31 March 2018, respectively. Our provision of such services is partially affected by the total number of newly developed properties, which is heavily dependent on the market conditions of the real estate industry in China. The general market conditions are affected by a number of factors such as the general economic conditions in China, government policies and regulatory measures, market demand and supply, and real estate price fluctuations. Any economic downturns, negative movements in the market demand and supply, or real estate price fluctuations may have significant impact on our business, results of operations, and financial position. At the same time, as we mainly serve China's Top 100 Real Estate Developers, we benefit from the continued consolidation of the real estate development market. According to the Cushman & Wakefield Report, the market share of the Top 100 Real Estate Developers in China, as measured by sales, increased from approximately 39.1% in 2015 to 56.8% in 2017, and their market share is expected to continue to grow and reach 62.8% to 65.8% by 2020 if there is no significant change in economic environment and government policy. In light of the trend of industry consolidation and our stable relationships with China's top real estate developers, we believe that we are less affected by the fluctuations of the overall real estate market.

In addition, the real estate industry in China is heavily regulated. Chinese government has a variety of tools in the regulation of real estate industry, such as through regulating land grants/supplies, pre-sale of properties, bank financing, and taxation, as well as numbers of more detailed measures directly regulating the operations of industry players. In addition, Chinese government has also been tightening the regulation of the industry by imposing more

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restrictive measures on purchasing residential properties, such as lifting the thresholds and costs for obtaining mortgage financing. As a result, government policies have significant influences on the general market conditions of the real estate industry. Any issuance of new restrictive regulatory measures or tightening of the existing ones may have significant and negative impact on the general market conditions of the real estate industry, which in turn may adversely affect our business, results of operations, and financial position. See “Risk Factors – Risks Related to Our Business and Industry – Our business may be materially and adversely affected by government measures aimed at China’s real estate industry.”

Application of IFRSs

IFRS 9 and IFRS 15 are both effective for the annual periods beginning on or after 1 January 2018, with early adoption permitted.

The Group had elected to consistently apply IFRS 9 and IFRS 15 throughout the Track Record Period. In order to provide additional information to the potential investors, the Group now further assessed the financial impact to the Group, based on the historical data, had IAS 18 and IAS 39 been consistently applied throughout the Track Record Period, there was no significant change in the financial position and performance of the Group. The adoption of IFRS 15 and IFRS 9 as compared to IAS 18 and IAS 39 had resulted in more disclosures in the historical financial information of the Group throughout the Track Record Period.

New and revised to IFRSs issued but not yet effective

We have not early applied the following new and amendments to IFRSs that have been issued but are not yet effective.

Amendments to IAS 19	Plan Amendment, Curtailment or Settlement ²
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures ²
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ²
Amendments to IFRS 10 and IAS 28.	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRSs.	Annual Improvements to IFRS Standards 2015 – 2017 Cycle ²
IFRS 16	Leases ²
IFRS 17	Insurance Contracts ³
IFRIC 23.	Uncertainty over Income Tax Treatments ²

Notes:

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2019.

³ Effective for annual periods beginning on or after 1 January 2021.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 “Leases” and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, we currently presents operating lease payments as operating cash flows. Upon application of IFRS 16, lease payments in relation to lease liability will be allocated into a principle and an interest portion which will be presented as financing cash flows, respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 March 2018, we have non-cancellable operating lease commitments of RMB153,479,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence upon application of IFRS 16, we will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, we currently considers refundable rental deposits paid of RMB18,064,000 as rights under leases to which IAS 17 applies. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The management of the Group assessed that, if IFRS 16 had been initially adopted on 31 March 2018, such changes would increase the consolidated asset and consolidated liabilities of the Group, but would not result in a significant change to the consolidated net asset value of the Group as at 31 March 2018.

Except as described above, we anticipate that the application of other new and revised IFRSs will have no material impact on our financial position and financial performance in the foreseeable future.

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CRITICAL ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

We have identified certain accounting policies that we believe are most significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgements relating to accounting items. Estimates and judgements are continually re-evaluated and are based on historical experience and other factors, including industry practises and expectations of future events that are believed to be reasonable under the circumstances. We have not changed our material assumptions or estimates in the past and have not noticed any material errors regarding our assumptions or estimates. Under current circumstances, we do not expect that our assumptions or estimates are likely to change significantly in the future. When reviewing our consolidated financial statements, you should consider (i) our critical accounting policies, (ii) the judgements and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions.

We set forth below those accounting policies that we believe are of critical importance to us or involve significant estimates, assumptions and judgements in the preparation of our consolidated financial statements. For more comprehensive and detailed information on our significant accounting policies, estimates and judgements, which are important for an understanding of our financial condition and results of operations, please see notes headed “Notes 3 and 4 to the Accountants’ Report in Appendix I” to this document.

Basis of Consolidation

Our historical financial information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

We reassess whether or not we control an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Changes in Our Ownership Interests in Existing Subsidiaries

Changes in our ownership interests in existing subsidiaries that do not result in our losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of our relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any differences between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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Merger Accounting for Business Combination Involving Entities under Common Control

Our historical financial information incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of or groups of our cash-generating units that is/are expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

Revenue Recognition

Revenue is recognised to depict the transfer of promised services to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those services. We recognise revenue when (or as) a performance obligation is satisfied, that is, when “control” of the services underlying the particular performance obligation is transferred to customers.

Revenue from real estate agency services in the primary market is recognised at a point in time when the service is rendered and (i) the property buyer has executed the sales and purchase agreement and made the required down-payment or (ii) the sales and purchase agreement has been registered with the relevant government authorities according to the terms and conditions stated in different agency contracts, since only by that time we have a present right to payment from the property developers for the services performed. If the commission rate is variable based on a pre-agreed sales target, before meeting the agreed sales target, we will recognise revenue based on a lower commission rate. When the sales target is met, we will recognise the incremental revenue, representing the variable consideration, at the higher commission rate on the performance obligations satisfied in previous periods. We generally invoice our developer customers shortly before they are prepared to make payments to us in accordance with our agreements. Due to the extended settlement cycles typical in the real estate industry, there could be a delay from revenue recognition to invoicing, typically for a few months. As a result, we have uninvoiced revenue at any specific time.

Revenue from real estate consultancy services is recognised at a point in time when the service is rendered and the customer has received and endorsed the consultancy report, since only by that time we have a present right to payment for the services performed. Revenue from real estate data services is recognised over the subscription period.

Revenue from real estate brokerage network services, primarily in connection with sales of new properties in cooperation with brokerage firms during the Track Record Period, is recognised at a point in time when the legal title of real estate property is transferred, since only by that time we have a present right to payment from the small to medium-sized real estate brokerage stores for the services performed.

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Impairment on Tangible and Intangible Assets Other than Goodwill

At the end of each reporting period, we review the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

Provision for and Write-off of Trade Receivables

Based on our previous experience, receivables are generally not recoverable (i) when there is a breach of financial covenants by counterparty, or (ii) our internal information or information obtained from external sources indicates that the debtor is unlikely to pay its creditors, including us, in full (without taking into account any collaterals held by us). Therefore, we consider above events constitute default for internal credit risk management purposes.

With respect to credit-impaired financial assets, financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial assets occur(s). Evidence that financial assets are credit-impaired includes observable data in relation to the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter into bankruptcy proceedings or other financial reorganisation.

We write off financial assets when there is information indicating that counterparty is in severe financial difficulty and there is no realistic prospect of recovery. For example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Written-off of financial assets may still be subject to enforcement activities under our recovery procedures, after considering legal advices where appropriate. Any recoveries made are recognised in profit or loss.

We assess on a forward-looking basis the expected credit loss associated with trade receivables. For the measurement and recognition of the expected credit loss, please see “Note 3. Significant accounting policies – Financial instruments – Financial assets – Measurement and recognition of ECL” to the Accountants’ Report in Appendix I to this document.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table presents our consolidated statements of profit or loss and other comprehensive income for the periods indicated:

	For the year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	(in thousands of RMB)				
	(unaudited)				
Revenue	2,716,446	3,996,129	4,633,360	854,794	930,202
Staff costs	(1,736,714)	(2,401,923)	(2,623,332)	(500,588)	(503,388)
Advertising and promotion expenses	(125,551)	(130,539)	(236,053)	(29,231)	(30,378)
Operating lease charges in respect of office premises	(86,837)	(94,133)	(105,571)	(25,248)	(26,613)
Depreciation and amortisation expenses . .	(27,258)	(24,190)	(27,870)	(9,308)	(6,291)
Loss allowance on financial assets measured at amortised cost	(63,441)	(103,959)	(119,866)	(10,673)	(12,143)
Consultancy expenses . . .	(158,180)	(176,464)	(224,424)	(37,003)	(29,801)
Distribution expenses . . .	–	(24,967)	(51,726)	(9,174)	(20,676)
Other operating costs . . .	(215,794)	(253,812)	(284,539)	(53,741)	(52,735)
Other income	22,219	39,270	38,256	1,612	17,586
Other gains and losses . . .	(4,432)	(2,519)	3,355	496	(21,726)
Other expenses	(4,877)	(3,801)	(8,831)	(4,126)	(1)
Listing expenses	–	–	–	–	(17,406)
Share of result of associates	92	(531)	148	158	(1,638)
Finance costs	(26,448)	(29,756)	(21,650)	(6,642)	(5,551)
Profit before taxation . . .	289,225	788,805	971,257	171,326	219,441
Income tax expense	(112,071)	(216,636)	(205,951)	(36,228)	(67,066)
Profit and total comprehensive income for the year/period . . .	<u>177,154</u>	<u>572,169</u>	<u>765,306</u>	<u>135,098</u>	<u>152,375</u>
Profit and total comprehensive income for the year/period attributable to:					
Owners of the Company . .	165,209	486,969	352,020	56,000	93,875
Non-controlling interests	11,945	85,200	413,286	79,098	58,500
	<u>177,154</u>	<u>572,169</u>	<u>765,306</u>	<u>135,098</u>	<u>152,375</u>
Non-IFRS Measures⁽¹⁾:					
Operating profit ⁽²⁾	302,671	786,142	959,979	179,828	248,177
Adjusted profit and total comprehensive income attributable to owners of the Company ⁽³⁾ . . .	165,209	551,684	702,045	112,011	126,523

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Notes:

- (1) *The use of non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for analysis of, profit and total comprehensive income for the year/period, profit and total comprehensive income for the year/period attributable to owners of the Company and other measures as reported in accordance with IFRS. For more details on these non-IFRS measures, including the rationales for the adjustments made, please see the subsection headed “Non-IFRS Measures” below.*
- (2) *We define operating profit as revenue net of operating costs, which consist of staff costs, advertising and promotion expenses, operating lease charges in respect of office premises, depreciation and amortisation expenses, loss allowance on financial assets measured at amortised cost, consultancy expenses, distribution expenses, and other operating costs.*
- (3) *We define adjusted profit and total comprehensive income attributable to owners of the Company as (i) profit and total comprehensive income for the year/period attributable to owners of the Company, adjusted to add back (ii) profit and total comprehensive income attributable to 21 investors of PRC Holdco. For more details on these non-IFRS measures, including the rationales for the adjustments made, please see the subsection headed “Non-IFRS Measures” below. The calculation of adjusted profit and total comprehensive income attributable to owners of the Company is not in accordance with IFRS.*

KEY COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we derive all of our revenue from (i) real estate agency services in the primary market, (ii) real estate data and consulting services, and (iii) real estate brokerage network services. The following table sets forth a breakdown of our revenue by income source for the periods indicated:

	For the year ended 31 December						For the three months ended 31 March			
	2015		2016		2017		2017		2018	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
(in thousands, except percentages)										
(unaudited)										
Real estate agency services in the primary market	2,336,540	86.0	3,568,575	89.3	3,926,722	84.7	654,706	76.6	734,757	79.0
Real estate data and consulting services	379,906	14.0	396,397	9.9	629,422	13.6	185,758	21.7	167,633	18.0
Real estate brokerage network services	–	–	31,157	0.8	77,216	1.7	14,330	1.7	27,812	3.0
Total	2,716,446	100.0	3,996,129	100.0	4,633,360	100.0	854,794	100.0	930,202	100.0

Real estate agency services in the primary market

Revenue from real estate agency services in the primary market mainly consists of commissions we receive from real estate developers for our marketing and sales services. Real estate agency services in the primary market historically have been our predominant revenue source, and are expected to remain as such for the foreseeable future. Revenue from real estate agency services in the primary market is determined by the total value of new properties sold

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and the average commission rate. The total value of new properties sold in turn is determined by the total GFA and the average selling price of new properties sold. The following table sets forth the total GFA and total value of new properties sold as well as our average commission rate during the Track Record Period:

	For the year ended 31 December			For the three months ended 31 March	
	2015	2016	2017	2017	2018
Total GFA of new properties sold (millions of square metres)	26.1	35.5	37.2	6.2	6.6
Total value of new properties sold (millions of RMB)	267,468	406,078	432,982	73,480	83,306
Average commission rate ⁽¹⁾	0.87%	0.88%	0.91%	0.89%	0.88%

Note:

- (1) *Average commission rate equals revenue derived from real estate agency services in the primary market divided by total value of new properties sold.*

Revenue from real estate agency services in the primary market increased during the Track Record Period primarily due to an increase in the total value of new properties sold. Our commission rates are generally determined by the prevailing rates in the relevant local markets, which are typically affected by competitive pressure and the level of difficulty in selling properties. During the Track Record Period, our average commission rate remained stable, in line with the average commission rate for the overall primary real estate agency industry in China.

Real estate data and consulting services

Revenue from real estate data and consulting services mainly consists of data subscription fees for our data services, marketing and brand promotion fees in connection with our rating and ranking services and consulting fees for our tailored consulting services we receive from our customers. The increase in our revenue from real estate data and consulting services during the Track Record Period was primarily due to the growth of our rating and ranking services. The revenue growth from 2016 to 2017 was also due to the launch of our transaction advisory services. Data subscription fees are determined based on the number of subscription accounts and scope of subscriptions, such as number of modules and number of cities covered. Subscription fees usually are charged upfront on annual basis. Marketing and brand promotion fees are determined on a project-by-project basis depending on the scope of rating and research data needed for marketing and brand promotion activities, whether we need plan and execute marketing activities and costs incurred in marketing and promotion activities. Consulting fees are determined based on a project-by-project basis depending on complexity of each project, human resources and time we spend in each project, as well as expenses we incur in each project. Both marketing and brand promotion fees and consulting fees are usually are paid by our clients on instalments.

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Real estate brokerage network services

Revenue from real estate brokerage network services mainly consists of commissions we receive from real estate developers for sourcing buyers of new properties through Fangyou-branded stores and other real estate brokerage firms we cooperate with. The commissions we receive is determined by the total value of new properties sold for real estate developers and the average commission rate, which is typically higher than the commission rate of our real estate agency services in the primary market. In typical cases, 80% of such commissions are then paid to the brokerages that facilitated the sales, which are recorded as distribution expenses. We launched our real estate brokerage network services in January 2016. A small portion of revenue from real estate brokerage network services is generated from the service fees we charge to brokerage firms or their individual customers for completing real estate transactions at our E-House Real Estate Transaction Service Centres.

Staff Costs

Our staff costs primarily include salaries, bonuses, commissions and social welfare contributions paid to or on behalf of our employees. Since we are a service provider relying on qualified employees to provide services to our clients, staff costs generally account for the largest portion of our overall costs and expenses. In 2015, 2016 and 2017 and the three months ended 31 March 2018, our staff costs were RMB1,736.7 million, RMB2,401.9 million, RMB2,623.3 million and RMB503.4 million, respectively, representing approximately 63.9%, 60.1%, 56.6% and 54.1% of our revenue in the respective periods. Staff costs as a percentage of revenue decreased during the Track Record Period primarily due to improved operational efficiency and increasing economies of scale.

Advertising and Promotion Expenses

Although most of our developer customers run their own marketing campaigns for their real estate projects, a small proportion of developer customers engage us to conduct certain advertising and promotional activities on a project-by-project basis. Our advertising and promotion expenses mainly represent costs incurred by such activities we conduct for those developer customers. Depending on our arrangements with specific developer customers, in some cases such expenses are reimbursable by the developer customers, while in other cases such expenses are already accounted for by the commissions we charge to the developer customers and are not reimbursed separately. We also incur advertising and promotion expenses for our real estate data and consulting services and real estate brokerage services. Our advertising activities mainly include telephone marketing, leaflet distribution, promotional events and billboard promotion. Our advertising and promotion expenses generally do not highly correlate with our overall revenue as they are not routine expenses for all the real estate projects in the primary market we worked on. In 2015, 2016 and 2017 and the three months ended 31 March 2018, our advertising and promotion expenses were RMB125.6 million, RMB130.5 million, RMB236.1 million and RMB30.4 million, respectively.

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Operating Lease Charges in Respect of Office Premises

Our operating lease charges in respect of office premises primarily consist of rentals and other related expenses for our offices and staff dormitories. In 2015, 2016 and 2017 and the three months ended 31 March 2018, our operating lease charges in respect of office premises were RMB86.8 million, RMB94.1 million, RMB105.6 million and RMB26.6 million, respectively.

Depreciation and Amortisation Expenses

Our depreciation and amortisation expenses mainly relate to depreciation of property and equipment, amortisation of intangible assets, and depreciation of investment properties. In 2015, 2016 and 2017 and the three months ended 31 March 2018, our depreciation and amortisation costs were RMB27.3 million, RMB24.2 million, RMB27.9 million and RMB6.3 million, respectively.

Loss Allowance on Financial Assets Measured at Amortised Cost

We recognise the expected credit losses for financial assets measured at amortised cost, which primarily include various receivables and amounts due from related parties of a trade nature – accounts receivables. For further detail on our loss allowance policies, see the subsection headed “Critical Accounting Policies, Judgements and Estimates – Provision for and Write-off of Trade Receivables” above. In 2015, 2016 and 2017 and the three months ended 31 March 2018, loss allowance on financial assets measured at amortised cost was RMB63.4 million, RMB104.0 million, RMB119.9 million and RMB12.1 million, respectively, representing 2.3%, 2.6%, 2.6% and 1.3% of our revenue for the respective periods. The following table sets forth a breakdown of our loss allowance on financial assets measured at amortised cost for the periods indicated:

	For the year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	(in thousands of RMB)				
	(unaudited)				
(Provision)/reversal for loss allowance on:					
Accounts receivables	(88,417)	(99,202)	(104,626)	(17,504)	4,605
Bills receivables	(1,404)	(2,075)	(7,225)	4,433	(12,069)
Amounts due from related parties of a trade nature – accounts receivables (except for related parties under common control of E-House (China) Holdings).	1,525	(2,753)	(4,475)	1,211	(4,994)
Other receivables and other non-current assets	24,855	71	(3,540)	1,187	315
Total	(63,441)	(103,959)	(119,866)	(10,673)	(12,143)

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Consultancy Expenses

Our consultancy expenses represent the service fees we paid to external consultants regarding certain research activities, business development, project consultation, purchases of third-party data, as well as professional consultation in relation to legal, audit and tax services. In 2015, 2016 and 2017 and the three months ended 31 March 2018, our consultancy expenses was RMB158.2 million, RMB176.5 million, RMB224.4 million and RMB29.8 million, respectively.

Distribution Expenses

Our distribution expenses represent commissions we paid to Fangyou-branded stores and other real estate brokerage firms we cooperate with. We started to sell new properties through cooperating brokerage stores in 2016. In 2016 and 2017 and the three months ended 31 March 2018, our distribution expenses was RMB25.0 million, RMB51.7 million and RMB20.7 million, respectively.

Other Operating Costs

Our other operating costs consist of office expenses, travelling expenses and business entertainment expenses. In 2015, 2016 and 2017 and the three months ended 31 March 2018, our other operating costs were RMB215.8 million, RMB253.8 million, RMB284.5 million and RMB52.7 million, respectively. The following table sets forth a breakdown of our other operating cost in each period presented:

	For the year ended 31 December			For the three months ended 31 March	
	2015	2016	2017	2017	2018
	(in thousands of RMB)			(unaudited)	
Office expenses	89,633	120,638	126,652	30,710	22,584
Travelling expenses	92,444	94,011	105,284	13,652	17,571
Business entertainment expenses	33,717	39,163	52,603	9,379	12,580
Total	215,794	253,812	284,539	53,741	52,735

Other Income

Our other income consists primarily of government grants and interest income from our bank deposits. In 2015, 2016 and 2017 and the three months ended 31 March 2018, our other income was RMB22.2 million, RMB39.3 million, RMB38.3 million and RMB17.6 million, respectively, of which government grants accounted for RMB17.0 million, RMB34.1 million, RMB31.2 million and RMB14.6 million, respectively. Government grants represent incentives from various PRC government authorities in connection with the enterprise development support and fiscal subsidy, which are discretionary and vary from year to year.

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Other Gains and Losses

Other gains and losses primarily consist of impairment losses of investment properties, gains or losses related to disposal of investment properties, disposal of property and equipment, exchange fluctuations and fair value gain on financial liabilities at fair value through profit or loss (“FVTPL”). Investment properties mainly consist of properties that are transferred to us by our developer customers as a substitute of certain portion of service fees they owed to us. We sometimes allow certain real estate developers to settle a limited percentage of the total amount payable by transferring us certain properties they develop. Depending on the market condition, we may realise gains or losses when we subsequently resell such properties for cash. We recorded other losses of RMB4.4 million in 2015 and RMB2.5 million in 2016. We recorded other gains of RMB3.4 million in 2017. We recorded other losses of RMB21.7 million in the three months ended 31 March 2018.

Other Expenses

Our other expenses consist primarily of non-operation related professional fees, administrative fines, donations and other miscellaneous expenses. In 2015, 2016 and 2017 and the three months ended 31 March 2018, our other expenses were approximately RMB4.9 million, RMB3.8 million, RMB8.8 million and RMB1,000, respectively. Administrative fines mainly represent fines or late payment penalties imposed by industry and commerce, housing, taxation and other administrative agencies in circumstances such as late tax filing and other administrative incidents, and amounted to RMB1.4 million, RMB0.2 million and RMB0.4 million and nil in 2015, 2016, 2017 and the three months ended 31 March 2018, respectively.

Listing Expenses

Listing expenses represent professional fees and other fees incurred in connection with the Listing. We did not incur listing expenses in 2015, 2016 or 2017. Our listing expenses amounted to RMB17.4 million in the three months ended 31 March 2018.

Share of Result of Associates

Share of result of associates represents our share of operating results of our associates. Our associates did not contribute significant profits or losses to our results during the Track Record Period.

Finance Costs

Our finance costs primarily represent interest on our bank borrowings. In 2015, 2016 and 2017 and the three months ended 31 March 2018, our finance costs were RMB26.4 million, RMB29.8 million, RMB21.7 million and RMB5.6 million, respectively.

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Taxation

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Law and accordingly is not subject to income tax of Cayman Islands.

No provision for Hong Kong profit tax has been made as we had no assessable profits arising in or deriving from Hong Kong during the Track Record Period.

For our operations in the PRC, we are primarily subject to the PRC enterprise income tax at a rate of 25% on our taxable income. Some of our PRC subsidiaries enjoyed preferential income tax rates during the Track Record Period. Shanghai Zhuxiang Information Technology Co., Ltd., as a qualified software enterprise, enjoyed income tax exemption for 2015 and 2016, followed by a 50% reduction in income tax from 2017 through 2019. Beijing China Real Estate Research Association Technical Services Co., Ltd., as a qualified “high and new technology enterprise”, enjoyed a 15% income tax rate during the Track Record Period. PRC Holdco also enjoyed a 15% income tax rate in 2015 and 2016 as a qualified “high and new technology enterprise”, but did not renew such status for 2017 and was therefore subject to a 25% income tax rate for 2017 and the three months ended 31 March 2018. See the section headed “Risk Factors – Risks Related to Our Business and Industry – The discontinuation of any of the preferential tax treatments currently available to us in the PRC or imposition of any additional PRC taxes on us could adversely affect our financial condition and results of operations.” In addition, certain of our subsidiaries are eligible to enjoy a 15% preferential income tax rate because they are located in the western regions of China. One of these subsidiaries enjoyed this preferential tax rate throughout the Track Record Period, whereas the others enjoyed this preferential tax rate for 2016 and 2017. PRC Holdco is currently applying for qualification as a high and new technology enterprise. If the application is approved, it will be entitled to a preferential income tax rate of 15%. The Directors confirm that even if the preferential tax treatments currently available to us are discontinued or not renewed upon expiry by the competent tax authorities, such discontinuance or non-renewal would not have a material and adverse effect on our business and results of operations.

In 2015, 2016 and 2017 and the three months ended 31 March 2018, our income tax expenses were RMB112.1 million, RMB216.6 million, RMB206.0 million and RMB67.1 million, respectively.

Following the investments by strategic investors in October 2016, our Group conducted internal review on the overall financial reporting approach of the PRC subsidiaries of each of our major business segments, and commenced to adopt a centralised and standardised mechanism in 2017 to align business judgement and decision in relation to the financial reporting approach of all the Company’s business segments and the respective subsidiaries. Accordingly, in 2017, our PRC subsidiaries engaging in the provision of real estate agency services in the primary market (the “**REAS Subsidiaries**”) reassessed the timing and amount of revenue in respect the agency services income to align their business judgement and decision in relation to the financial reporting approach with the centralised approach adopted by our

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Group. As a result of such adjustment, in 2017 the REAS Subsidiaries started to recognise sales at the time when the performance obligation of the sales of each property unit is satisfied, instead of the date of invoice. Thereafter, the REAS Subsidiaries had prepared their management accounts on that basis, reported the cumulative uninvoiced amounts in the 2016 annual tax return and completed the 2016 annual inspection and assessment of tax payable with the respective local counterparts of the State Administration of Taxation (the “**Annual Tax Filing and Clearance Procedures**”) accordingly. The REAS Subsidiaries used a consistent basis for the 2017 Annual Tax Filing and Clearance Procedures, which had been completed and paid subsequently in 2018.

In connection with the adjustment in business judgement and decision described above, we paid income tax of RMB522.3 million in 2017, consisting of (i) our PRC subsidiaries’ partial payment of enterprise income tax of RMB40.0 million for 2017 and (ii) the tax clearance payment of enterprise income tax of RMB482.3 million after the Annual Tax Filing and Clearance Procedures had been completed for 2016. The tax clearance amount of each year was derived from the corresponding management accounts prepared by the PRC subsidiaries, PRC audited financial statements issued by PRC accountants or annual tax clearance reports issued by PRC tax accountants, as appropriate, at the time of doing the Annual Tax Filing and Clearance Procedures.

On the basis that (i) the REAS Subsidiaries’ management accounts and annual tax returns which were audited or verified by PRC accountants or PRC tax accountants, and these corresponding financial information of REAS Subsidiaries during the Track Record Period (both before and after the adjustment in business judgement and decision described above) were consistently prepared with the applicable PRC accounting standards and relevant PRC tax laws and regulations in all material aspects; (ii) the Reporting Accountants have confirmed that there are no differences noted between the relevant financial information between the annual enterprise income tax returns of the principal PRC subsidiaries and branches and their management accounts provided as a source in preparation of the financial information of the Group incorporated in the Accountants’ Report during the Track Record Period; and (iii) the REAS Subsidiaries have obtained compliance letters from the relevant tax authorities in respect of their taxation matters during the Track Record Period, and the tax authorities of the major entities of the REAS Subsidiaries have been interviewed by our PRC Legal Adviser in that regard, our PRC Legal Adviser is of the view that we had been in compliance with applicable PRC tax laws and regulations for the REAS Subsidiaries to declare their income tax during the Track Record Period on the basis of these management accounts.

In addition, all of the cumulative uninvoiced amounts, including the uninvoiced revenue brought forward from previous years, as of 31 December 2016 reported in the 2016 annual tax returns of the REAS Subsidiaries were due to the reassessment of the timing and amount of revenue in order to align with the centralised approach described above, and there were no changes made to the prior years’ management accounts of the REAS Subsidiaries on which prior annual tax filings were based. In light of above and based on relevant compliance letters as well as our PRC Legal Adviser’s interviews with tax authorities of the major entities of the REAS Subsidiaries, our PRC Legal Adviser is of the view that the relevant tax authorities will not impose any further taxes or penalty on the REAS Subsidiaries’ previous tax declaration in respect of the cumulative uninvoiced amount arising from the adoption of the centralised approach.

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SEGMENT RESULTS

We report our financial results during the Track Record Period in three segments: (i) real estate agency services in the primary market, (ii) real estate data and consulting services, and (iii) real estate brokerage network services. The table below sets forth certain information with respect to the operating results of these three segments without taking into account inter-segment elimination:

For the year ended 31 December									
2015			2016			2017			
Revenue	Profit/ (loss)	Profit margin	Revenue	Profit/ (loss)	Profit margin	Revenue	Profit/ (loss)	Profit margin	
(in thousands of RMB, except percentages)									
Real estate agency services in the primary market . . .	2,336,540	358,697	15.4%	3,568,575	885,852	24.8%	3,927,498	950,424	24.2%
Real estate data and consulting services .	433,077	(47,756)	(11.0%)	448,558	54,251	12.1%	634,023	159,327	25.1%
Real estate brokerage network services . .	–	–	–	34,689	(125,076)	(360.6%)	79,875	(125,101)	(156.6%)

For the three months ended 31 March					
2017			2018		
Revenue	Profit/ (loss)	Profit margin	Revenue	Profit/ (loss)	Profit margin
(in thousands of RMB, except percentages)					
(unaudited)					

Real Estate Agency Services in the Primary Market

Profit margin for the real estate agency services in the primary market segment increased from 15.4% in 2015 to 24.8% in 2016 primarily due to our improved operational efficiency and increasing economies of scale, which resulted in decreases in staff costs and other expenses as percentages of our revenue. Profit margin for this segment decreased slightly from 24.8% in 2016 to 24.2% in 2017 primarily due to an increase in advertising and promotion expenses, partially offset by a further decrease in staff costs as a percentage of our revenue. Profit margin for this segment increased from 20.7% in the three months ended 31 March 2017 to 32.7% in the three months ended 31 March 2018 primarily due to increasing economies of scale. We were able to sell more new property units for our developer customers without incurring significantly greater staff costs and various other expenses.

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Real Estate Data and Consulting Services

Our real estate data and consulting services segment incurred a net loss in 2015 primarily because we made significant investments in 2014 and 2015 to develop home price rating services. We discontinued development of such services in 2015. Profit margin for this segment increased from 12.1% in 2016 to 25.1% in 2017 primarily due to the growth of our rating and ranking services and the launch of our transaction advisory services, both of which have a higher profit margin than our overall data and consulting services. Profit margin for this segment decreased from 36.6% in the three months ended 31 March 2017 to 33.9% in the three months ended 31 March 2018 primarily due to a decrease in revenue from our transaction advisory services. As we provide transaction advisory services for a limited number of projects with high individual transaction values, revenue from such services is subject to period-to-period fluctuations and may be concentrated in different quarters across different years.

Real Estate Brokerage Network Services

We launched our real estate brokerage network services in January 2016. Profit margin for this segment improved from negative 360.6% in 2016 to negative 156.6% in 2017 and further to negative 115.5% in the three months ended 31 March 2018 primarily due to a significant increase in the number of cooperating brokerage stores that we utilised to source buyers of new properties and commissions received from such sourcing services, while our research and development and other fixed costs in relation to our real estate brokerage network services had remained stable.

NON-IFRS MEASURES

To supplement our consolidated financial information which are presented in accordance with IFRS, we also use (i) operating profit and operating profit margin, (ii) adjusted profit and total comprehensive income attributable to owners of the Company, and (iii) adjusted net assets attributable to owners of the Company as additional measures for illustrative purposes only. The calculation of these measures is not in accordance with IFRS. We present these non-IFRS measures aim to supplement the historical financial information as disclosed in the Accountants' Report in Appendix I in relation to the transfer of the Group's 50% equity interest in the PRC Holdco in aggregate to the 21 Investors without losing control on 31 October 2016.

Completion of this transaction had resulted in the recognition of 50% non-controlling interests of the PRC Holdco on 31 October 2016. 50% of the profit and total comprehensive income of the PRC Holdco since then are recognised as attributable to the non-controlling interests of the PRC Holdco.

We also believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated financial results in the same manner as our management.

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Operating Profit and Operating Profit Margin

We define our operating profit as revenue net of operating costs, which consist of staff costs, advertising and promotion expenses, operating lease charges in respect of office premises, depreciation and amortisation expenses, loss allowance on accounts receivables, consultancy expenses, distribution expenses, and other operating costs. We define operating profit margin as operating profit divided by revenue for the period. The calculation of operating profit and operating profit margin is not in accordance with IFRS and may not be directly comparable with similarly named financial measures of other companies. The use of these measures have limitations as an analytical tool, and you should not consider them in isolation from other measures as reported in accordance with IFRS.

The following table sets forth our operating profit and operating profit margin for the periods indicated:

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	(in thousands of RMB, except percentages) (unaudited)				
Revenue	2,716,446	3,996,129	4,633,360	854,794	930,202
Operating costs:					
Staff costs	(1,736,714)	(2,401,923)	(2,623,332)	(500,588)	(503,388)
Advertising and promotion expenses . .	(125,551)	(130,539)	(236,053)	(29,231)	(30,378)
Operating lease charges in respect of office premises	(86,837)	(94,133)	(105,571)	(25,248)	(26,613)
Depreciation and amortisation expenses .	(27,258)	(24,190)	(27,870)	(9,308)	(6,291)
Loss allowance on financial assets measured at amortised cost . . .	(63,441)	(103,959)	(119,866)	(10,673)	(12,143)
Consultancy expenses . .	(158,180)	(176,464)	(224,424)	(37,003)	(29,801)
Distribution expenses . .	–	(24,967)	(51,726)	(9,174)	(20,676)
Other operating costs. . .	(215,794)	(253,812)	(284,539)	(53,741)	(52,735)
Total operating costs	(2,413,775)	(3,209,987)	(3,673,381)	(674,966)	(682,025)
Operating profit	302,671	786,142	959,979	179,828	248,177
Operating profit margin . .	11.1%	19.7%	20.7%	21.0%	26.7%

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Our operating profit margin increased from 11.1% in 2015 to 19.7% in 2016 primarily due to our improved operational efficiency and increasing economies of scale, which resulted in decreases in staff costs and other expenses as percentages of our revenue. Our operating profit margin increased from 19.7% in 2016 to 20.7% in 2017 primarily reflecting a further decrease in staff costs as a percentage of revenue, partially offset by an increase in advertising and promotion expenses as a percentage of revenue, as we provided more marketing and promotion services for our developer customers and increased marketing activities to promote our “Fangyou” brand in 2017. Our operating profit margin increased from 21.0% for the three months ended 31 March 2017 to 26.7% for the three months ended 31 March 2018 primarily due to a further improvement in our operational efficiency.

Adjusted Profit and Total Comprehensive Income and Adjusted Net Assets Attributable to Owners of the Company

We present adjusted profit and total comprehensive income and adjusted net assets attributable to owners of the Company solely to illustrate the impact on our consolidated financial information (in particular, on our profit and total comprehensive income attributable to owners of the Company for the years ended 31 December 2016 and 2017 and for the three months ended 31 March 2018 and our net assets attributable to owners of the Company as of 31 December 2016 and 2017 and 31 March 2018) had PRC Holdco been wholly owned by our Company throughout the Track Record Period.

On 31 October 2016, we sold 50% of the equity interest in PRC Holdco to 21 investors. We simultaneously entered into a voting agreement with one of the 21 investors, whereby we retained control over PRC Holdco. PRC Holdco is the holding company of our PRC operating companies and, together with its subsidiaries, accounted for substantially all of our revenue, profit and total comprehensive income for the year and net assets during the Track Record Period. In connection with the Listing, the 21 investors transferred their equity interest in PRC Holdco to a wholly owned subsidiary of our Company on 5 March 2018.

For more information on the reorganisation, please see the section headed “History, Reorganisation, and Corporate Structure – Our Corporate Reorganisation” and “– Pre-IPO Investments.” Between 31 October 2016 and 5 March 2018, as the 21 investors collectively held a 50% non-controlling interest in PRC Holdco, only 50% of the profit generated, and 50% of the net assets owned, by PRC Holdco and its subsidiaries were attributable to owners of our Company. As of 5 March 2018, PRC Holdco became a wholly owned subsidiary of our Company, and there ceased to be any non-controlling interest of PRC Holdco. Hence, we believe that adjusting our profit and total comprehensive income and net assets attributable to owners of the Company by adding back profit and net assets (as applicable) attributable to the 21 investors would provide useful information to help our management and investors compare our financial results across accounting periods and to those of our peer companies. Relative to their unadjusted counterparts, our adjusted profit and total comprehensive income and adjusted net assets attributable to owners of the Company for the years ended 31 December 2016 and 2017 and the three months ended 31 March 2018 or as of 31 December 2016 and 2017 and 31 March 2018 are more comparable to our profit and total comprehensive income and net assets (as applicable) attributable to owners of the Company for any period or as of any date after 5 March 2018.

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Although we believe that these non-IFRS measures provide meaningful information to investors and others in understanding our profit and total comprehensive income and net assets attributable to owners of the Company during the relevant periods, they are prepared based on a number of assumptions, estimates and uncertainties for illustrative purposes only. These adjusted measures are solely intended to demonstrate the effect on our consolidated financial information by removing the accounting impact in respect of the profit and net assets attributable to the non-controlling interests of PRC Holdco for the years ended 31 December 2016 and 2017 and the three months ended 31 March 2018 or as of 31 December 2016 and 2017 and 31 March 2018 had the transfer of the entire equity interest of the PRC Holdco to our Company taken place on 31 October 2016. This illustration does not take into account the necessary adjustments of the financial impact of other events and transactions related to the reorganisation on or after that date, including but not limited to the placing and issuance of new shares of the Company to certain offshore investors and the necessary transaction costs actually incurred as to the transfer the entire equity interest of PRC Holdco to our Company.

The following table reconciles our adjusted profit and total comprehensive income attributable to owners of the Company for the periods presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is profit and total comprehensive income for the year attributable to owners of the Company:

	Year ended 31 December			Three months ended 31 March	
	2015	2016	2017	2017	2018
	(in thousands of RMB)				
Profit and total comprehensive income for the year/period attributable to owners of the Company.	165,209	486,969	352,020	56,000	93,875
Add:					
Profit and total comprehensive income attributable to non-controlling interests of PRC Holdco (excluding the non-controlling interests of non-wholly owned subsidiaries of PRC Holdco)	—	64,715	350,025	56,011	32,648
Adjusted profit and total comprehensive income attributable to owners of the Company	165,209	551,684	702,045	112,011	126,523

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The following table reconciles our adjusted net assets attributable to owners of the Company as of the dates presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is net assets attributable to owners of the Company:

	As of 31 December			As of 31 March
	2015	2016	2017	2018
	(in thousands of RMB)			
Net assets attributable to owners of the Company	847,261	706,030	1,025,110	2,986,268
Add:				
Net assets attributable to non-controlling interests of PRC Holdco (excluding the non-controlling interests of non-wholly owned subsidiaries of PRC Holdco) . . .	—	700,611	1,047,636	—
Adjusted net assets attributable to owners of the Company	847,261	1,406,641	2,072,746	2,986,268

PERIOD TO PERIOD COMPARISON OF OUR RESULTS OF OPERATIONS

Three Months Ended 31 March 2018 Compared to Three Months Ended 31 March 2017

Revenue

Our revenue increased by 8.8% from RMB854.8 million in the three months ended 31 March 2017 to RMB930.2 million in the three months ended 31 March 2018. This increase was primarily due to the growth of our real estate agency services in the primary market and real estate brokerage network services, partially offset by a decrease in revenue from real estate data and consulting services.

Revenue derived from real estate agency services in the primary market increased by 12.2% from RMB654.7 million in the three months ended 31 March 2017 to RMB734.8 million in the three months ended 31 March 2018, primarily due to an increase in total GFA of new properties sold from 6.2 million square metres in the three months ended 31 March 2017 to 6.6 million square metres in the three months ended 31 March 2018 and an increase in total value of new properties sold from RMB73.5 billion in the three months ended 31 March 2017 to RMB83.3 billion in the three months ended 31 March 2018. Such increase in total transaction value was primarily due to the business growth of our existing developer customers. Our average commission rate remained stable at 0.88% in the three months ended 31 March 2018 compared with 0.89% in the three months ended 31 March 2017.

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Revenue derived from real estate brokerage network services increased by 94.1% from RMB14.3 million in the three months ended 31 March 2017 to RMB27.8 million in the three months ended 31 March 2018. This increase was primarily due to an increase in commissions received from developers for sourcing buyers of new properties through Fangyou-branded stores and other cooperating brokerage firms, as more brokerage firms cooperated with us to sell new properties in the three months ended 31 March 2018.

Revenue derived from real estate data and consulting services decreased by 9.8% from RMB185.8 million in the three months ended 31 March 2017 to RMB167.6 million in the three months ended 31 March 2018 primarily due to a decrease in revenue from our transaction advisory services. As we provide transaction advisory services for a limited number of projects with high individual transaction values, revenue from such services is subject to period-to-period and may be concentrated in different quarters across different years.

Staff costs

Our staff costs were relatively stable, increasing by 0.6% from RMB500.6 million in the three months ended 31 March 2017 to RMB503.4 million in the three months ended 31 March 2018. Staff costs as a percentage of our revenue decreased from 58.6% in the three months ended 31 March 2017 to 54.1% in the three months ended 31 March 2018 primarily due to increasing economies of scale.

Advertising and promotion expenses

Our advertising and promotion expenses were relatively stable, increasing by 3.9% from RMB29.2 million in the three months ended 31 March 2017 to RMB30.4 million in the three months ended 31 March 2018.

Operating lease charges in respect of office premises

Our operating lease charges in respect of office premises increased by 5.4% from RMB25.2 million in the three months ended 31 March 2017 to RMB26.6 million in the three months ended 31 March 2018, primarily due to an increase in office leasing expenses as a result of our business expansion.

Depreciation and amortisation expenses

Our depreciation and amortisation expenses decreased by 32.4% from RMB9.3 million in the three months ended 31 March 2017 to RMB6.3 million in the three months ended 31 March 2018, primarily because certain of our fixed assets were disposed of or had become fully depreciated in 2017.

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Loss allowance on financial assets measured at amortised cost

Our loss allowance on financial assets measured at amortised cost increased by 13.8% from RMB10.7 million in the three months ended 31 March 2017 to RMB12.1 million in the three months ended 31 March 2018, primarily due to increases in loss allowance on bills receivables and loss allowance on amounts due from related parties of a trade nature – accounts receivables, partially offset by a reversal of loss allowance on accounts receivables in the three months ended 31 March 2018. The increases in loss allowance on bills receivables and loss allowance on amounts due from related parties of a trade nature – accounts receivables were primarily due to the growth in our business volume with our Shareholder customers and an increase in the average term of our bills receivables. The reversal of loss allowance on accounts receivables in the three months ended 31 March 2018 was primarily due to a decrease in the ending balance of accounts receivables.

Consultancy expenses

Our consultancy expenses decreased by 19.5% from RMB37.0 million in the three months ended 31 March 2017 to RMB29.8 million in the three months ended 31 March 2018, primarily because we used less external consultancy services in connection with our real estate agency services in the primary market in the three months ended 31 March 2018. The need for external consultancy services varies from project to project and the related expenses are subject to period-to-period fluctuations.

Distribution expenses

Our distribution expenses increased by 125.4% from RMB9.2 million in the three months ended 31 March 2017 to RMB20.7 million in the three months ended 31 March 2018, primarily due to the growth of our real estate brokerage network services segment.

Other operating costs

Our other operating costs decreased by 1.9% from RMB53.7 million in the three months ended 31 March 2017 to RMB52.7 million in the three months ended 31 March 2018, primarily due to a decrease in office expenses, partially offset by increases in travelling expenses and business entertainment expense. The decrease in office expenses was primarily because in the three months ended 31 March 2017, we incurred additional office expenses in connection with a company event and office renovation apart from our routine office expenses. The increases in travelling expenses and business entertainment were primarily due to our business growth.

Other income

Our other income increased from RMB1.6 million in the three months ended 31 March 2017 to RMB17.6 million in the three months ended 31 March 2018, primarily due to an increase in government grants of RMB14.4 million, as we received certain grants from a local government in Shanghai during the first quarter of 2018 but did not receive similar grants from the same local government until after the first quarter in 2017.

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Other gains and losses

We recorded net other gains of RMB0.5 million in the three months ended 31 March 2017 and net other losses of RMB21.7 million in the three months ended 31 March 2018. Our net other losses in the three months ended 31 March 2018 were primarily attributable to a net exchange loss of RMB45.8 million and a fair value gain on financial liabilities at FVTPL of RMB23.9 million. The net exchange loss was primarily in connection with the effect of appreciation of the Renminbi against the relevant foreign currencies to our bank balances denominated in foreign currencies. The fair value gain on financial liabilities at FVTPL was primarily due to a fair value change of the conditional investment fund received prior to the conversion to equity.

Other expenses

Our other expenses decreased from RMB4.1 million in the three months ended 31 March 2017 to approximately RMB1,000 in the three months ended 31 March 2018, primarily due to a decrease in non-operation related professional fees.

Listing expenses

We did not record any listing expenses in the three months ended 31 March 2017. We recorded listing expenses of RMB17.4 million in the three months ended 31 March 2018 in connection with the Global Offering.

Share of result of associates

We recorded share of profits of associates of RMB0.2 million in the three months ended 31 March 2017 and share of losses of associates of RMB1.6 million in the three months ended 31 March 2018. The share of losses in the three months ended 31 March 2018 was primarily attributable to a share of loss in a new real estate investment and management company, partially offset by a share of profit in a real estate marketing strategy company.

Finance costs

Our finance costs decreased by 16.4% from RMB6.6 million in the three months ended 31 March 2017 to RMB5.6 million in the three months ended 31 March 2018, primarily due to a decrease in our average outstanding bank loan balance and a decrease in our average interest rate in the three months ended 31 March 2018.

Income tax expense

Our income tax expense increased by 85.1% from RMB36.2 million in the three months ended 31 March 2017 to RMB67.1 million in the three months ended 31 March 2018, primarily due to an increase in our effective income tax rate and, to a lesser extent, an increase in our profit before taxation. Our effective income tax rate increased from 21.1% in the three months

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ended 31 March 2017 to 30.6% in the three months ended 31 March 2018, primarily due to a significant increase in expenses that were non-deductible for income tax purposes, particularly listing expenses in connection with the Global Offering. Income tax expense represents our total current and deferred tax credit for the three months ended 31 March 2017 and deferred tax expenses for the three months ended 31 March 2018.

Deferred tax credit of RMB30 million for the three months period ended 31 March 2017 and deferred tax expenses of RMB33 million for the three months period ended 31 March 2018, primarily due to payment of accrued welfare and commission during the first quarter of 2018, which then became tax deductible and reduce the balance of the deductible temporary difference.

Profit and total comprehensive income for the period

As a result of the foregoing, our profit and total comprehensive income for the period increased by 12.8% from RMB135.1 million in the three months ended 31 March 2017 to RMB152.4 million in the three months ended 31 March 2018.

Year ended 31 December 2017 Compared to Year ended 31 December 2016

Revenue

Our revenue increased by 15.9% from RMB3,996.1 million in 2016 to RMB4,633.4 million in 2017. This increase was primarily due to the growth of our real estate agency services in the primary market and real estate data and consulting services.

Revenue derived from real estate agency services in the primary market increased by 10.0% from RMB3,568.6 million in 2016 to RMB3,926.7 million in 2017, primarily due to an increase in total GFA of new properties sold from 35.5 million square meters in 2016 to 37.2 million square metres in 2017 and an increase in total value of new properties sold from RMB406.1 billion in 2016 to RMB433.0 billion in 2017. Such increase in total transaction value was primarily due to the business growth of our existing developer customers. Our average commission rate increased slightly from 0.88% in 2016 to 0.91% in 2017.

Revenue derived from real estate data and consulting services increased by 58.8% from RMB396.4 million in 2016 to RMB629.4 million in 2017 primarily due to the growth in our rating and ranking services and our transaction advisory services, as well as the growth of our data services and other consulting services.

Revenue derived from real estate brokerage network services increased by 147.8% from RMB31.2 million in 2016 to RMB77.2 million in 2017. This increase was primarily due to an increase in commissions received from developers for sourcing buyers of new properties through Fangyou-branded and other brokerages, as more brokerages cooperated with us to sell new properties in 2017.

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Staff costs

Our staff costs increased by 9.2% from RMB2,401.9 million in 2016 to RMB2,623.3 million in 2017 primarily because we hired more employees to accommodate our business growth. Staff costs as a percentage of our revenue decreased from 60.1% in 2016 to 56.6% in 2017 primarily due to increasing economies of scale.

Advertising and promotion expenses

Our advertising and promotion expenses increased by 80.8% from RMB130.5 million in 2016 to RMB236.1 million in 2017. For our real estate agency services in the primary market segment, we were engaged to provide marketing services for only a small portion of the projects we worked on, and therefore our advertising and promotion expenses may not correlate with our overall revenue for this segment. We were requested by certain developer customers to provide more marketing and promotion services in 2017, which contributed to the increase in our advertising and promotion expenses. To a lesser extent, the increase was also in part due to increased marketing activities to promote our “Fangyou” brand.

Operating lease charges in respect of office premises

Our operating lease charges in respect of office premises increased by 12.2% from RMB94.1 million in 2016 to RMB105.6 million in 2017, primarily due to an increase in office leasing expenses as a result of our business expansion.

Depreciation and amortisation expenses

Our depreciation and amortisation expenses increased by 15.2% from RMB24.2 million in 2016 to RMB27.9 million in 2017, primarily due to an increase in depreciation associated with the decoration of Fangyou-branded brokerage stores, and an increase in depreciation associated with the decoration and maintenance of our office space.

Loss allowance on financial assets measured at amortised cost

Our loss allowance on financial assets measured at amortised cost increased by 15.3% from RMB104.0 million in 2016 to RMB119.9 million in 2017, primarily due to the growth in our business volume.

Consultancy expenses

Our consultancy expenses increased by 27.2% from RMB176.5 million in 2016 to RMB224.4 million in 2017, primarily because we used more external consultancy services related to, among others, project planning and data acquisition in 2017 to improve the quality of our own services.

Distribution expenses

Our distribution expenses increased by 107.2% from RMB25.0 million in 2016 to RMB51.7 million in 2017, primarily due to the growth of our real estate brokerage network services segment.

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Other operating costs

Our other operating costs increased by 12.1% from RMB253.8 million in 2016 to RMB284.5 million in 2017, primarily due to increases in office expenses, travelling expenses and business entertainment expense as a result of our business growth.

Other income

Our other income decreased by 2.6% from RMB39.3 million in 2016 to RMB38.3 million in 2017, primarily due to a decrease in government grants of RMB2.8 million, partially offset by an increase in interest income of RMB1.9 million due to an increase in our average bank account balances.

Other gains and losses

We recorded other losses of RMB2.5 million in 2016 and other gains of RMB3.4 million in 2017. Our other losses in 2016 were primarily attributable to impairment losses on investment properties of RMB2.1 million as a result of fair value decline of certain properties. Our other gains in 2017 were primarily attributable to net exchange loss of RMB14.9 million and fair value gain on financial liabilities at FVTPL of RMB17.0 million. The net exchange loss was primarily in connection with the effect of appreciation of the Renminbi against the relevant foreign currencies to our bank balances denominated in foreign currencies. The fair value gain on financial liabilities at FVTPL was primarily due to a fair value change of the conditional investment fund received prior to the conversion to equity.

Other expenses

Our other expenses increased by 132.3% from RMB3.8 million in 2016 to RMB8.8 million in 2017, which was primarily due to damages we paid for termination of an office lease as part of our internal business integration and an increase in non-operation related professional fees.

Share of result of associates

We recorded share of losses of associates of RMB0.5 million in 2016 and share of profits of associates of RMB0.1 million in 2017. Our share of result of associates was insignificant in both years.

Finance costs

Our finance costs decreased by 27.2% from RMB29.8 million in 2016 to RMB21.7 million in 2017, primarily due to a decrease in our average outstanding bank loan balance in 2017.

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Income tax expense

Our income tax expense decreased by 4.9% from RMB216.6 million in 2016 to RMB206.0 million in 2017, primarily due to a decrease in our effective income tax rate. Our effective income tax rate decreased from 27.5% in 2016 to 21.2% in 2017, primarily due to a significant growth in profit before taxation of certain subsidiaries that enjoyed a 15% preferential enterprise income tax. Income tax expense represents our total current and deferred tax expenses for the year 2016 and 2017.

Profit and total comprehensive income for the year

As a result of the foregoing, our profit and total comprehensive income for the year increased by 33.8% from RMB572.2 million in 2016 to RMB765.3 million in 2017.

Year Ended 31 December 2016 Compared to Year Ended 31 December 2015

Revenue

Our revenue increased by 47.1% from RMB2,716.4 million in 2015 to RMB3,996.1 million in 2016, primarily due to the increase in revenue derived from real estate agency services in the primary market.

Revenue derived from real estate agency services in the primary market increased by 52.7% from RMB2,336.5 million in 2015 to RMB3,568.6 million in 2016, primarily due to an increase in total GFA of new properties sold from 26.1 million square metres in 2015 to 35.5 million square metres in 2016 and an increase in total value of new properties sold from RMB267.5 billion in 2015 to RMB406.1 billion in 2016. Such increase in total transaction value was primarily due to the business growth of our existing developer customers and, to a lesser extent, due to the addition of new developer customers. Our average commission rate remained stable with a slight increase from 0.87% in 2015 to 0.88% in 2016.

Revenue derived from real estate data and consulting services increased by 4.3% from RMB379.9 million in 2015 to RMB396.4 million in 2016 primarily due to the growth in our rating and ranking services.

We launched our real estate brokerage network services in January 2016 and generated a revenue of RMB31.2 million from such services for that year.

Staff costs

Our staff costs increased by 38.3% from RMB1,736.7 million in 2015 to RMB2,401.9 million in 2016, primarily due to an increase in the number of employees from 2015 to 2016 as a result of our business growth. Staff costs as a percentage of our revenue decreased from 63.9% in 2015 to 60.1% in 2016 primarily due to increasing economies of scale.

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Advertising and promotion expenses

Our advertising and promotion expenses increased by 4.0% from RMB125.6 million in 2015 to RMB130.5 million in 2016. The percentage increase was much smaller than the percentage increase in our revenue, as we were engaged to provide marketing services for only a small portion of the projects we worked on, and therefore our advertising and promotion expenses may not correlate with our overall revenue.

Operating lease charges in respect of office premises

Our operating lease charges in respect of office premises increased by 8.4% from RMB86.8 million in 2015 to RMB94.1 million in 2016, primarily due to an increase in office space to accommodate the growth in our headcount and business.

Depreciation and amortisation costs

Our depreciation and amortisation costs decreased by 11.3% from RMB27.3 million in 2015 to RMB24.2 million in 2016, primarily due to certain investment properties of E-House Management and Beijing EJU Enterprise Management Consulting Co., Ltd. were not transferred to the Group in a business reorganisation we effected on 31 December 2015.

Loss allowance on financial assets measured at amortised cost

Our loss allowance on financial assets measured at amortised cost increased by 63.9% from RMB63.4 million in 2015 to RMB104.0 million in 2016, primarily due to the growth in our business volume.

Consultancy expenses

Our consultancy expenses increased by 11.6% from RMB158.2 million in 2015 to RMB176.5 million in 2016, primarily due to the overall growth of our business which led to a corresponding increase in our consultancy fees paid to external consultants.

Distribution expenses

We launched our real estate brokerage network services in 2016 and incurred distribution expenses of RMB25.0 million for the operation of such services.

Other operating costs

Our other operating costs increased by 17.6% from RMB215.8 million in 2015 to RMB253.8 million in 2016, primarily due to the increase in our office expenses as a result of our business growth.

Other income

Our other income increased by 76.7% from RMB22.2 million in 2015 to RMB39.3 million in 2016, primarily due to an increase in government grants from RMB17.0 million in 2015 to RMB34.1 million in 2016, which positively correlates to the growth in our profit and tax payment.

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Other gains and losses

Our other losses decreased by 43.2% from RMB4.4 million in 2015 to RMB2.5 million in 2016. Our other losses in 2015 were mainly attributable to impairment loss on investment properties of RMB7.3 million as a result of fair value decline of certain properties, partially offset by gain on disposal of investment properties of RMB2.2 million. Our other losses in 2016 were mainly attributable to impairment loss on investment properties of RMB2.1 million as a result of fair value decline of certain properties. These investment properties were real estate property units transferred to us by certain developer clients in lieu of cash payment of service fees.

Other expenses

Our other expenses decreased by 22.1% from RMB4.9 million in 2015 to RMB3.8 million in 2016, primarily due to a decrease in administrative fines.

Share of result of associates

We recorded share of profits of associates of RMB0.1 million in 2015 and share of losses of associates of RMB0.5 million in 2017. Our share of result of associates was insignificant in both years.

Finance costs

Our finance costs increased by 12.5% from RMB26.4 million in 2015 to RMB29.8 million in 2016, primarily due to an increase in our average outstanding bank loan balance.

Income tax expense

Our income tax expense increased by 93.3% from RMB112.1 million in 2015 to RMB216.6 million in 2016, primarily due to the significant growth in our profit before income tax as a result of business growth, partially offset by a decrease in our effective income tax rate. Our effective income tax rate decreased from 38.7% in 2015 to 27.5% in 2016. The lower effective income tax rate in 2016 was primarily due to (i) a larger amount of non-deductible expenses for income tax purposes in 2015, (ii) a significant growth in profit before taxation of certain subsidiaries that enjoyed a 15% preferential enterprise income tax, and (iii) additional subsidiaries becoming eligible to enjoy a preferential tax rate of 15% in 2016 pursuant to the relevant regulations applicable to enterprises in western China. Income tax expense represents our total current and deferred tax expenses for the year 2015 and 2016.

Deferred tax credit increased substantially from RMB26 million in 2015 to RMB142 million in 2016, primarily due to significant increase of deductible temporary difference arising from accrued welfare and commission and bad and doubtful debts associated with the significant growth of our business.

Profit and total comprehensive income for the year

As a result of the foregoing, our profit and total comprehensive income for the year increased by 223.0% from RMB177.2 million in 2015 to RMB572.2 million in 2016.

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NET CURRENT ASSETS

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of 31 December			As of 31 March	As of 31 May
	2015	2016	2017	2018	2018
	(in thousands of RMB)				(Unaudited)
Current Assets					
Accounts receivables and					
bills receivables	1,392,244	2,290,708	3,308,002	2,231,579	2,255,572
Other receivables	25,259	40,668	71,590	87,951	169,202
Amounts due from related					
parties	470,241	365,040	379,070	1,319,609	1,265,272
Financial assets					
mandatorily measured at					
fair value through profit					
or loss	–	–	20,000	20,000	20,000
Restricted bank balances . .	500	63,623	131,264	82,720	128,092
Cash and cash equivalents .	465,756	974,946	1,791,290	3,182,165	759,348
Total current assets	2,354,000	3,734,985	5,701,216	6,924,024	4,597,486
Current Liabilities					
Accounts payables	68,484	109,614	174,561	119,493	142,742
Advanced from customers .	36,255	64,541	83,468	105,967	120,124
Accrued payroll and					
welfare expenses	536,728	961,546	1,161,640	806,523	539,400
Other payables	124,146	253,518	1,604,386	2,162,229	310,178
Tax payables	301,891	567,929	405,733	372,027	222,805
Amounts due to related					
parties	331,557	478,606	297,294	312,855	115,131
Bank borrowings	160,000	390,000	450,000	550,000	350,000
Total current liabilities . .	1,559,061	2,825,754	4,177,082	4,429,094	1,800,380
Net current assets	794,939	909,231	1,524,134	2,494,930	2,797,106

As of 31 December 2015, 2016 and 2017 and 31 March and 31 May 2018, we had net current assets of RMB794.9 million, RMB909.2 million, RMB1,524.1 million, RMB2,494.9 million and RMB2,797.1 million, respectively. Our net current assets increased significantly during the Track Record Period primarily due to the increase in cash and cash equivalents as a result of investments from new Shareholders in 2016 and 2017 as well as our increasing profit and retained earnings. Our cash and cash equivalents decreased from RMB3,182.2 million as of 31 March 2018 to RMB759.3 million as of 31 May 2018 primarily due to the payment on 19 April 2018 of the consideration payable for the acquisition of the 100% equity interests of PRC Holdco. To a lesser extent, the decrease in cash and cash equivalents was also due to the settlement of certain amounts due to related parties and tax payables.

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Discussion of Key Balance Sheet Items

Trade receivables

Our trade receivables include accounts receivables, bills receivables and amounts due from related parties of a trade nature – accounts receivables. Accounts receivables represent service fees due from our customers that are not our Shareholders or other related parties. Bills receivables represent commercial bills, which typically mature in 12 months, received from our customers in lieu of cash payments. Amounts due from related parties of a trade nature – accounts receivables represent service fees due from our customers that are also our Shareholders or other related parties. The table below set forth a breakdown of our trade receivables after loss allowance:

	As of 31 December			As of 31 March
	2015	2016	2017	2018
	(in thousands of RMB)			
Accounts receivables	1,171,041	1,928,870	2,580,021	1,607,075
Bill receivables	221,203	361,838	727,981	624,504
Amounts due from related parties of a trade nature – accounts receivables .	20,534	78,984	45,188	981,016
Total.	1,412,778	2,369,692	3,353,190	3,212,595

Our total trade receivables increased by 67.7% from RMB1,412.8 million as of 31 December 2015 to RMB2,369.7 million as of 31 December 2016 and further by 41.5% to RMB3,353.2 million as of 31 December 2017 primarily due to increases in our overall business and revenue, particularly revenue derived from certain top developer customers. Our total trade receivables remained relatively stable at RMB3,212.6 million as of 31 March 2018. Amounts due from related parties of a trade nature – accounts receivables increased, and accounts receivables decreased correspondingly, because Country Garden, Evergrande and Vanke became our related parties on 5 March 2018. Our bills receivables are derived from the settlement of trade receivables with commercial bills. Our bills receivables increased significantly during the Track Record Period primarily due to the increase in our revenue and the percentage of service fees settled in the form of commercial bills. A significant portion of our bills receivables is from one real estate developer and as of 31 December 2015, 2016 and 2017 and 31 March 2018, the carrying amount of our bills receivables issued by this real estate developer amounted to RMB218.3 million, RMB357.6 million, RMB715.6 million and RMB619.5 million, respectively. In 2015, 2016 and 2017 and the three months ended 31 March 2018, the total amount of our account receivables from this real estate developer that were settled through commercial bills amounted to RMB522.7 million, RMB686.0 million, RMB756.3 million and RMB346.1 million, respectively. The total amount of our accounts receivables that were settled through commercial bills in 2015, 2016 and 2017 and the three months ended 31 March 2018 was RMB528.7 million, RMB703.3 million, RMB778.1 million and RMB346.8 million, respectively.

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We generally invoice our developer customers shortly before they are prepared to make payments to us in accordance with our agreements. Due to the extended settlement cycles typical in the real estate industry, there could be a delay from revenue recognition to invoicing, typically for a few months. As a result, we have uninvoiced trade receivables at any specific time. As of 31 December 2015, 2016 and 2017 and 31 March 2018, our total amount of uninvoiced accounts receivables, bills receivables, and amounts due from related parties of a trade nature-accounts receivables before loss allowance on ECL amounted to RMB1,105.6 million, RMB1,726.0 million, RMB2,306.0 million and RMB2,141.7 million, respectively. The following tables set forth certain information on subsequent invoicing/settlement of uninvoiced and invoiced accounts receivables and bill receivables, and amounts due from related parties of a trade nature – accounts receivables, respectively, as of the dates presented:

As of 31 December 2017

	Invoiced amounts before loss allowance		Uninvoiced amounts before loss allowance		Loss allowance on ECL	Total
	RMB	%	RMB	%	RMB	RMB
(in thousands, except percentages)						
Accounts receivables and bills receivables.	1,520,967		2,253,391		(466,356)	3,308,002
Subsequent settlement as of the Latest Practicable Date	1,231,807	81.0	N/A	N/A	Note	1,231,807
Subsequent invoiced and not yet settled as of the Latest Practicable Date	N/A	N/A	857,477	38.1	Note	857,477
Subsequent invoiced and settled as of the Latest Practicable Date	N/A	N/A	687,581	30.5	Note	687,581
Uninvoiced as of the Latest Practicable Date	N/A	N/A	708,333	31.4	Note	708,333
Unsettled as of the Latest Practicable Date	289,160	19.0	N/A	N/A	Note	289,160
	<u>1,520,967</u>	<u>100.0</u>	<u>2,253,391</u>	<u>100.0</u>		
Amounts due from related parties of a trade nature – accounts receivables.	550		52,653		(8,015)	45,188
Subsequent settlement as of the Latest Practicable Date	–	–	N/A	N/A	Note	–
Subsequent invoiced and not yet settled as of the Latest Practicable Date	N/A	N/A	290	0.6	Note	290
Subsequent invoiced and settled as of the Latest Practicable Date	N/A	N/A	6,290	11.9	Note	6,290
Uninvoiced as of the Latest Practicable Date	N/A	N/A	46,073	87.5	Note	46,073
Unsettled as of the Latest Practicable Date	550	100.0	N/A	N/A	Note	550
	<u>550</u>	<u>100.0</u>	<u>52,653</u>	<u>100.0</u>		

As of 31 March 2018

	Invoiced amounts before loss allowance		Uninvoiced amounts before loss allowance		Loss allowance on ECL	Total
	RMB	%	RMB	%	RMB	RMB
(in thousands, except percentages)						
Accounts receivables and bills receivables.	1,335,245		1,339,506		(443,172)	2,231,579
Subsequent settlement as of the Latest Practicable Date	681,220	51.0	N/A	N/A	Note	681,220
Subsequent invoiced and not yet settled as of the Latest Practicable Date	N/A	N/A	289,829	21.6	Note	289,829
Subsequent invoiced and settled as of the Latest Practicable Date	N/A	N/A	148,256	11.1	Note	148,256
Uninvoiced as of the Latest Practicable Date	N/A	N/A	901,421	67.3	Note	901,421
Unsettled as of the Latest Practicable Date	654,025	49.0	N/A	N/A	Note	654,025
	<u>1,335,245</u>	<u>100.0</u>	<u>1,339,506</u>	<u>100.0</u>		

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	Invoiced amounts before loss allowance		Uninvoiced amounts before loss allowance		Loss allowance on ECL	Total
	RMB	%	RMB	%	RMB	RMB
(in thousands, except percentages)						
Amounts due from related parties of a trade nature – accounts receivables	222,513		802,158		(43,655)	981,016
Subsequent settlement as of the Latest Practicable Date	12,392	5.6	N/A	N/A	<i>Note</i>	12,392
Subsequent invoiced and not yet settled as of the Latest Practicable Date . . .	N/A	N/A	334,761	41.7	<i>Note</i>	334,761
Subsequent invoiced and settled as of the Latest Practicable Date . . .	N/A	N/A	53,890	6.7	<i>Note</i>	53,890
Uninvoiced as of the Latest Practicable Date	N/A	N/A	413,507	51.6	<i>Note</i>	413,507
Unsettled as of the Latest Practicable Date	210,121	94.4	N/A	N/A	<i>Note</i>	210,121
	<u>222,513</u>	<u>100.0</u>	<u>802,158</u>	<u>100.0</u>		

Note: Loss allowance on ECL is impracticable to allocate to the balance of invoiced and uninvoiced receivables in nature.

From the issuance of invoices, we generally grant our developer customers a credit term of 30 days. Certain of our customers settle accounts receivables in commercials bills, which typically mature in 12 months. Hence, such customers are generally associated with longer trade receivables turnover days than customers that settle accounts receivables in cash.

The table below sets forth an ageing analysis of our invoiced and uninvoiced trade receivables, net of allowance for doubtful debts, presented based on the revenue recognition date:

	As of 31 December			As of 31 March
	2015	2016	2017	2018
(in thousands of RMB)				
Within one year	1,179,253	2,186,654	3,083,345	2,891,083
One to two years	171,142	144,181	235,237	284,407
Over two years	62,383	38,857	34,608	37,105
Total	<u>1,412,778</u>	<u>2,369,692</u>	<u>3,353,190</u>	<u>3,212,595</u>

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The table below sets forth an ageing analysis of our gross amount before allowance for doubtful debts of invoiced accounts receivables, gross amount before allowance for doubtful debts of bills receivables and gross amount before allowance for doubtful debts of invoiced amounts due from related parties of a trade nature – accounts receivables presented based on the invoice date:

	As of 31 December			As of 31 March
	2015	2016	2017	2018
	(in thousands of RMB)			
Gross amount before allowance for doubtful debts of invoiced accounts receivables				
Within one year	203,275	504,396	642,893	554,878
One to two years	52,093	40,844	42,352	33,966
Over two years	72,475	86,436	92,502	94,589
Total	327,843	631,676	777,747	683,433
Gross amount before allowance for doubtful debts of bills receivables				
Within one year	227,141	369,852	743,220	651,812
Total	227,141	369,852	743,220	651,812
Gross amount before allowance for doubtful debts of invoiced amounts due from related parties of a trade nature – accounts receivables				
Within one year	–	–	50	220,167
One to two years	–	–	–	276
Over two years	6,470	500	500	2,070
Total	6,470	500	550	222,513

The following table sets forth the number of turnover days for our trade receivables (before loss allowance) for the periods indicated:

	For the year ended 31 December			For the three months ended 31 March
	2015	2016	2017	2018
	(days)			
Total trade receivables turnover days ⁽¹⁾	219	201	258	364
Invoiced trade receivables turnover days ⁽²⁾	76	71	99	149
Uninvoiced trade receivables turnover days	143	130	159	215

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Note:

- (1) Total trade receivables turnover days (before loss allowance), including both invoiced and uninvoiced balances, for a given period is the average of the opening and ending balances of trade receivables (before loss allowance), including accounts receivables, bills receivables and amounts due from related parties of a trade nature – accounts receivables, divided by revenue for that period and multiplied by 365 days for a one-year period or 90 days for a three-month period. The total trade receivables turnover days (before loss allowance) represent the average period from revenue recognition to subsequent cash settlement.*
- (2) Invoiced trade receivables turnover days for a given period is the average of the opening and ending balances of invoiced trade receivables (before loss allowance), including invoiced accounts receivables, invoiced bills receivables and amounts due from related parties of a trade nature – invoiced accounts receivables, divided by revenue for that period and multiplied by 365 days for a one-year period or 90 days for a three-month period. The invoiced trade receivable turnover days represent the average period from invoice day to subsequent settlement day.*
- (3) Uninvoiced trade receivables turnover days for a given period is the average of the opening and ending balances of uninvoiced trade receivables (before loss allowance), including uninvoiced accounts receivables, uninvoiced bills receivables and amounts due from related parties of a trade nature – uninvoiced amounts receivables, divided by revenue for that period and multiplied by 365 days for a one-year period or 90 days for a three-month period. The uninvoiced trade receivables turnover days represent the average period from revenue recognition to invoice day.*

We have adopted a policy that before we accept a new client, we assess the potential client's credit quality and set a credit limit for such potential client. We regularly review the credit limit and credit term granted to clients. The majority of our accounts receivables that are neither past due nor impaired had no history of default on repayments.

In order to minimise credit risk, we will only deal with creditworthy entities and obtaining real estate properties as collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

We have also tasked a credit management committee to develop and continuously monitor the credit risk gradings of our customers. The credit management committee uses publicly available financial information and our own trading records to rate our customers.

When the receivables are aged over six months (based on revenue recognition date), we start to take initiatives to negotiate a settlement plan and timetable with the relevant customer.

Furthermore, we review the recoverable amount of each trade receivable on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, we consider that our credit risk is significantly reduced.

We recognise revenue when a performance obligation of sale of properties is satisfied and by the time that performance obligation is satisfied, our right to issue invoices to and payments from developer customers is established in accordance with the terms and conditions as stipulated in the sales agency agreements with the developer customers. However, as our major customers are the Top 100 Real Estate Developers with high creditability, out of commercial reason, we may allow these real estate developers to settle the agency fees at a later time, generally by stages or phases of sales of the projects. In addition, the projects of the Top 100

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Real Estate Developers are typically large in scale. As a result, the settlement periods for these Top 100 Real Estate Developers are normally longer, which resulted in the significant amount of uninvoiced revenue and outstanding trade receivables at the end of each reporting period. However, according to our long established relationship with the developer customers and their historical settlement patterns, we expect the settlement normally will be made within one year after the date of revenue recognition.

However, even though the delay of invoicing and payment was out of commercial reasons, we monitor closely and assess the creditability of our developer customers. When the receivables are aged over six months (based on revenue recognition date), we start to take initiatives to negotiate a settlement plan and timetable with the relevant customer, and the average settlement period from the date of revenue recognition during the Track Record Period was within one year.

Total trade receivables turnover days (before loss allowance), including both invoiced and uninvoiced balances, decreased from 219 days in 2015 to 201 days in 2016, primarily due to our enhanced collection efforts. Total trade receivables turnover days (before loss allowance) increased from 201 days in 2016 to 258 days in 2017 primarily because the actual credit period we granted to many of our developer customers increased in 2017 as a result of commercial banks' tightened loan policies, which affected both real estate developers and property buyers. To a lesser extent, the increase in total trade receivables turnover days (before loss allowance) was also due to an increase in the proportion of accounts receivables that were settled in commercial bills. Total trade receivables turnover days (before loss allowance) further increased to 364 days for the three months ended 31 March 2018. Our total trade receivables turnover days (before loss allowance) are generally longer in the first quarter of each year as revenue is proportionally lower in this quarter due to the relatively low level of real estate activities during the winter and the Chinese New Year holiday period, as such the Directors expect that the total trade receivables turnover days (before loss allowance) in 2018 will be shorter than that for the three months ended 31 March 2018. As confirmed by Cushman & Wakefield, delayed billing is a common practice in providing real estate agency services to large real estate developers, which may request for longer billing and settlement period, because these developers have larger bargaining power. Such delayed billing is also partly due to strict mortgage loan policies of commercial banks in China, which were further tightened in 2017. Such delayed billing generally leads to a longer sales cycle and lower liquidity of developers. As a result, real estate service providers' settlement cycle with developers, especially developers with many large-scale real estate projects, is also negatively affected as a whole in the real estate service industry.

We recognise revenue under IFRS 15 when (or as) a performance obligation is satisfied, that is, when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Impairment on trade receivables may arise as a result of the deterioration of the financial position of certain developer customers, so that they may be unable to repay the amounts due to us in part or in full. We have applied the ECL model in accordance with the requirements under IFRS 9 and have made allowance on ECL on our trade receivables balances in profit or loss throughout the Track Record Period. We did not have any significant disputes with our developer customers throughout the Track Record Period.

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Current portion of other receivables

Current portion of other receivables mainly include deposits paid to certain of our customers in connection with the performance of our contract obligations, lease prepayments and project advertising and consulting prepayments, rental deposit for office buildings with maturity date within one year, and others. Current portion of other receivables after loss allowance increased by 61.0% from RMB25.3 million as of 31 December 2015 to RMB40.7 million as of 31 December 2016 and further by 76.0% to RMB71.6 million as of 31 December 2017, primarily due to increases in deposits paid to our developer customers. Current portion of other receivables after loss allowance further increased to RMB88.0 million as of 31 March 2018, primarily due to an increase in prepayments related to office leases, renovation and conference services.

Restricted bank balance

Restricted bank balance as of 31 December 2015 represents guarantee deposits we placed in designated bank accounts for the performance of our real estate agency services in the primary market for certain projects. Restricted bank balances as of 31 December 2016 and 2017 and 31 March 2018 mainly represent property buyers' payments that are not yet transferred to the property sellers in connection with real estate transactions in the secondary market facilitated by certain Fangyou-branded stores. A local regulation in Hangzhou requires that a real estate brokerage deposit payments made by real estate property buyers in the secondary market into a restricted bank account before the transfer of property titles. Some of the Fangyou-branded stores file the real estate sales in the secondary market they facilitate with relevant government agencies under our name because they lack the key fobs necessary for making such filings. In Hangzhou, for this type of real estate transaction in the secondary market, we are required to hold the buyers' deposit payments in a restricted bank account under our name. We record these deposits under both restricted bank balance and receipt on behalf of property sellers. As of 31 December 2015, 2016 and 2017, restricted bank balance was RMB0.5 million, RMB63.6 million and RMB131.3 million, respectively. Such significant increases in our restricted bank balance were due to the launch and growth of our real estate brokerage network services business in Hangzhou. Restricted bank balance decreased to RMB82.7 million as of 31 March 2018 primarily due to the seasonably lower level of real estate activities in the first quarter of each year.

Accounts payables

Our accounts payables mainly represent consulting fee and advertising fee payables to certain suppliers that provide consulting and advertising services. As of 31 December 2015, 2016 and 2017, our accounts payables were RMB68.5 million, RMB109.6 million and RMB174.6 million, respectively. Such increases in our accounts payables were due to our overall business growth, which led to the increase in our consulting fee payables. Our accounts payables decreased to RMB119.5 million as of 31 March 2018 as we generally incur less service fees during the first quarter of each year.

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The table below sets forth an ageing analysis of our accounts payables, presented based on the date of receiving the services as of the dates indicated:

	As of 31 December			As of 31 March
	2015	2016	2017	2018
	(in thousands of RMB)			
Within one year	64,311	108,703	173,242	118,047
One to two years	1,634	174	513	723
Over two years	2,539	737	806	723
Total	68,484	109,614	174,561	119,493

The following table sets forth the number of turnover days for our accounts payables for the periods indicated:

	For the year ended 31 December			For the three months ended 31 March
	2015	2016	2017	2018
	(days)			
Accounts payables turnover days ⁽¹⁾ .	10	10	14	19

Note:

- (1) *Accounts payables turnover days for a given period is the average of the opening and ending balances of accounts payables divided by operating costs for the period and multiplied by 365 days for a one-year period and 90 days for a three-month period. See the subsection headed “Non-IFRS Measures – Operating Profit and Operating Profit Margin” above for further information on our operating costs.*

Our accounts payables turnover days were relatively stable at 10 days in both 2015 and 2016. Our accounts payables turnover days increased to 14 days in 2017 primarily due to the growth of our real estate brokerage network services, as accounts payables for this segment, which primarily consist of commissions refunded to cooperating real estate brokerage firms, generally have longer turnover days than accounts payables for our real estate agency services in the primary market segment. Accounts payables turnover days further increased to 19 days for the three months ended 31 March 2018. Our accounts payables turnover days are generally longer in the first quarter of each year as operating costs are proportionally lower in this quarter due to the relatively low level of real estate activities during the winter and the Chinese New Year holiday period. The increase in accounts payables turnover days was also due to the further growth in our real estate brokerage network services.

Other payables

Our other payables mainly include other tax payables such as value-added tax (“VAT”) payables, receipt on behalf of property sellers, contract liabilities, acquisition consideration payable and conditional investment fund received. Receipt on behalf of property sellers represents property buyers’ payments that are not yet transferred to the property sellers in connection with our real estate brokerage network services. See the subsection headed

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“Restricted bank balance” above for further detail. Contract liabilities represent subscription fees for our data services that are not yet recognised as of a specific date. Data subscription fees are generally paid upfront by our customers annually and are recognised on a straight-line basis over the one-year period. Acquisition consideration payable represents the consideration payable by our Group for the acquisition of the 100% equity interests of PRC Holdco. The amount was fully paid on 19 April 2018. Conditional investment fund received represents the proceeds received by our Company for the conditional issue of share capital to certain Pre-IPO Investors. The following table sets forth the breakdown of our other payables as of the dates indicated:

	As of 31 December			As of 31 March
	2015	2016	2017	2018
	(in thousands of RMB)			
Interest payable	808	690	622	731
VAT payables	18,487	124,638	120,945	63,371
Business tax payables	65,071	—	—	—
Other tax payables	11,847	19,366	19,778	22,003
Receipt on behalf of property sellers	—	62,823	130,963	82,181
Contract liabilities	20,683	23,485	33,113	29,367
Acquisition consideration payable . .	—	—	—	1,892,000
Accrued listing expense	—	—	—	21,487
Conditional investment fund received	—	—	1,253,850	—
Other payables	7,250	22,516	45,115	51,089
Total	124,146	253,518	1,604,386	2,162,229

Our other payables increased by 104.2% from RMB124.1 million as of 31 December 2015 to RMB253.5 million as of 31 December 2016 primarily due to an increase in VAT payables of RMB106.2 million as a result of the transition of business tax to VAT in 2016 as required by Chinese government and an increase in receipt on behalf of property sellers of RMB62.8 million. Our other payables increased by 532.8% from RMB253.5 million as of 31 December 2016 to RMB1,604.4 million as of 31 December 2017 primarily due to an increase in conditional investment fund received of RMB1,253.9 million and an increase in receipt on behalf of property sellers of RMB68.1 million. The significant increase in our receipt on behalf of property sellers during the Track Record Period was due to the launch and growth of our real estate brokerage network services business in Hangzhou. Conditional investment fund received as of 31 December 2017 was in connection with conditional issue of share capital to Captain Valley (Cayman) Limited, Jovial Idea Developments Limited and Heyday Surge Limited on 1 December 2017. Our other payables further increased to RMB2,162.2 million as of 31 March 2018 primarily due to the acquisition consideration payable of RMB1,892.0 million as of 31 March 2018, partially offset by the conversion of previously outstanding conditional investment fund received to share premium before 31 March 2018.

DEFERRED TAX ASSETS

We recognise deferred tax assets for all deductible temporary differences (including accrued welfare and commission, allowance for bad and doubtful debts and others) and unutilised tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised, at the tax rates that are expected

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to apply in the period in which the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. As of 31 December 2015, 2016 and 2017 and 31 March 2018, we had deferred tax assets of RMB208.3 million, RMB350.2 million, RMB504.2 million and RMB470.8 million, respectively.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, we have funded our cash requirements principally from cash generated from our operations, investments from Shareholders and external borrowings. We had cash and cash equivalents of RMB465.8 million, RMB974.9 million, RMB1,791.3 million and RMB3,182.2 million as of 31 December 2015, 2016 and 2017 and 31 March 2018, respectively. We generally deposit our excess cash in interest bearing bank accounts and current accounts.

During the Track Record Period, our principal uses of cash have been for the funding of required working capital and other recurring expenses to support the expansion of our operations. Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of internally generated cash, external borrowings, proceeds from the Global Offering and other funds raised from the capital markets from time to time. Any significant decrease in our service fee income or a significant decrease in the availability of bank loans or other financing may adversely impact our liquidity.

Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated:

	For the year ended 31 December			For the three months ended 31 March	
	2015	2016	2017	2017	2018
	(in thousands of RMB)				
	(unaudited)				
Net cash from/(used in) operating activities	295,166	409,669	(275,018)	111,433	(101,961)
Net cash (used in)/from investing activities...	(294,875)	134,059	4,572	(4,420)	(1,281)
Net cash (used in)/from financing activities	(111,277)	(34,504)	1,103,441	49,960	1,539,898
Net (decrease)/increase in cash and cash equivalents	(110,986)	509,224	832,995	156,973	1,436,656
Cash and cash equivalents at beginning of the year.	576,766	465,756	974,946	974,946	1,791,290
Effect of exchange rate change	(24)	(34)	(16,651)	3	(45,781)
Cash and cash equivalents at the end of the year	<u>465,756</u>	<u>974,946</u>	<u>1,791,290</u>	<u>1,131,922</u>	<u>3,182,165</u>

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Cash flows from/(used in) operating activities

We generate cash from operating activities primarily from the provision of real estate services to our customers. Our cash flows from operating activities can be significantly affected by factors such as the timing of receipt of trade receivables and the timing of tax payments.

Net cash used in operating activities amounted to RMB102.0 million in the three months ended 31 March 2018, primarily due to a net increase in working capital of RMB301.3 million and income tax paid of RMB67.4 million, partially offset by profit before taxation of RMB219.4 million and adjustments for certain non-cash items, primarily including the additions of exchange different of RMB45.8 million and impairment loss on financial assets measured at amortised cost of RMB12.1 million and the subtraction of change in fair value of financial liabilities measured at FVTPL of RMB23.9 million. The net increase in working capital was primarily attributable to a decrease in accrued payroll and welfare expenses of RMB355.1 million and a decrease in accounts payables of RMB55.1 million, partially offset by a decrease in accounts receivables and bills receivables of RMB125.9 million. Accrued payroll and welfare expenses decreased significantly because we made performance-based payments for the year 2017 to our employees before the Chinese New Year in February 2018, which is the primary reason for our net cash used in operating activities for the three months ended 31 March 2018.

Net cash used in operating activities amounted to RMB275.0 million in 2017, primarily due to income tax paid of RMB522.3 million and a net increase in working capital of RMB891.3 million. We had a significant one-off increase in income tax payment in 2017 compared with previous years because we changed our tax filing policy in 2017. See the subsection headed “Key Components of Our Results of Operations – Taxation”. The net increase in working capital was primarily attributable to an increase in accounts receivables and bills receivables of RMB1,141.1 million, partially offset by an increase in accrued payoff and welfare expenses of RMB200.1 million. The increases in accounts receivables and bills receivables as well as accrued payoff and welfare expenses were primarily due to the growth of our business. The increase in accounts receivables was also due to an increase in our average credit terms in 2017. See the subsection headed “Net Current Assets – Discussion of Key Balance Sheet Items – Trade receivables” above. The above cash outflows were partially offset by profit before taxation of RMB971.3 million and adjustments for certain non-cash items, primarily including impairment loss on financial assets measured at amortised cost of RMB119.9 million, depreciation of property and equipment of RMB21.9 million and finance costs of RMB21.7 million.

Net cash generated from operating activities in 2016 was RMB409.7 million, as compared with profit before taxation of RMB788.8 million for the same period. The difference between our net cash generated from operating activities and our profit before taxation was mainly due to a net increase in working capital of RMB455.1 million and income tax paid of RMB92.7 million, partially offset by adjustments for certain non-cash items, primarily including impairment loss on financial assets measured at amortised cost of RMB104.0 million, finance

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costs of RMB29.8 million and depreciation of property and equipment of RMB18.2 million. The net increase in working capital was primarily attributable to an increase in accounts receivables and bills receivables of RMB1,013.1 million, partially offset by an increase in accrued payroll and welfare expenses of RMB424.8 million. The increases in accounts receivables and bills receivables as well as accrued payroll and welfare expenses were primarily due to the growth of our business.

Net cash generated from operating activities in 2015 was RMB295.2 million, as compared with profit before taxation of RMB289.2 million. The difference between our net cash generated from operating activities and our profit before taxation was mainly due to a net increase in working capital of RMB100.5 million and income tax paid of RMB33.5 million, partially offset by adjustments for certain non-cash items, primarily including impairment loss on financial assets measured at amortised cost of RMB63.4 million, finance costs of RMB26.4 million, equity-settled share-based payment expenses of RMB18.0 million and depreciation of property and equipment of RMB17.4 million. The net increase in working capital was primarily attributable to an increase in accounts receivables and bills receivables of RMB550.3 million, partially offset by an increase in accrued payroll and welfare expenses of RMB209.4 million, and a decrease in other non-current assets of RMB204.3 million. The increase in accounts receivables and bills receivables and the increase in accrued payroll and welfare expenses were primarily due to the growth of our business. The decrease in other non-current assets was primarily due to the return of deposits from certain of our customers upon satisfactory performance of our contract liabilities.

Cash flows (used in)/from investing activities

Net cash used in investing activities in the three months ended 31 March 2018 was RMB1.3 million, primarily attributable to advance to related parties of RMB12.7 million, partially offset by repayments from related parties of RMB10.9 million.

Net cash generated from investing activities was RMB4.6 million in 2017, primarily attributable to repayments from related parties of RMB40.2 million and proceeds from disposal of investment properties of RMB6.7 million, partially offset by purchase of convertible note measured at fair value through profit or loss of RMB20.0 million and purchase of property and equipment of RMB18.5 million.

Net cash generated from investing activities in 2016 was RMB134.1 million, primarily attributable to repayments from related parties of RMB225.1 million, partially offset by advance to related parties of RMB67.0 million and purchase of property and equipment of RMB27.1 million.

Net cash used in investing activities in 2015 was RMB294.9 million, primarily attributable to advance to related parties of RMB1,402.9 million, partially offset by repayments from related parties of RMB1,089.9 million.

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Cash flows (used in)/from financing activities

Net cash generated from financing activities in the three months ended 31 March 2018 was RMB1,539.9 million, primarily attributable to capital injection of RMB8,357.0 million by CRE Corp, one of our Controlling Shareholders, partially offset by consideration paid for the acquisition of subsidiaries under common control of RMB6,908.0 million in connection with our acquisition of PRC Holdco.

Net cash generated from financing activities was RMB1,103.4 million in 2017, primarily attributable to conditional capital injection of RMB1,253.9 million and advance from related parties of RMB1,040.2 million, partially offset by repayment to related parties of RMB1,164.0 million.

Net cash used in financing activities in 2016 was RMB34.5 million, primarily attributable to repayment to related parties of RMB1,458.4 million and consideration paid for the acquisition of Tianjin E-House Jinyue Real Estate Brokerage Co., Ltd. of RMB153.6 million, partially offset by advance from related parties of RMB1,681.0 million.

Net cash used in financing activities in 2015 was RMB111.3 million, primarily attributable to dividends paid of RMB600.0 million and repayment to related parties of RMB379.8 million, partially offset by advance from related parties of RMB620.7 million and a net increase in bank borrowings of RMB230.0 million.

Working Capital

We intend to finance our future working capital requirements with cash generated from our operations, external borrowings, the net proceeds from the Global Offering and other funds raised from the capital markets from time to time. Our future working capital requirements will depend on a number of factors, including, but not limited to, our operating income, our business expansion plan and hiring qualified employees for our business operations.

Based on our available cash balance, the anticipated cash flow from operations, available facilities and the anticipated net proceeds from the Global Offering, our Directors are of the opinion that we will have sufficient funds to meet our working capital requirements and financial requirements for capital expenditure for at least the next 12 months from the date of this prospectus. Based on the review of financial documents and other due diligence documents, discussion with the Directors and the Directors' confirmation, the Joint Sponsors concur with the Directors' view.

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CAPITAL EXPENDITURES

Our capital expenditures during the Track Record Period were primarily related to purchases of property, equipment, and intangible assets and capitalised prepayment. Leasehold improvements, mainly including capitalised decoration and maintenance costs, account for the majority of property and equipment purchases. The following table sets forth the breakdown of our capital expenditures for the periods indicated:

	For the year ended 31 December			For the three months ended 31 March	
	2015	2016	2017	2017	2018
	(in thousands of RMB)				
Purchase of and deposits placed for property and equipment	6,468	27,106	18,462	7,667	1,341
Purchase of intangible assets	299	21	241	–	–
Total	6,767	27,127	18,703	7,667	1,341

CONTRACTUAL COMMITMENTS

Capital Commitments

Our capital commitments primarily relate to purchases of real properties and other fixed assets and decoration of such properties. The following table sets forth the breakdown of our capital commitments as of the dates indicated:

	As of 31 December			As of 31 March
	2015	2016	2017	2018
	(in thousands of RMB)			
Contracted but not provided for:				
Property and equipment	856	723	1,300	1,083

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Operating Lease Commitments

During the Track Record Period, we leased a number of buildings under operating leases. Operating lease payments represent rentals payable by our Group for certain of our office premises and staff quarters. Leases for buildings were negotiated for a term ranging from six months to ten years. The table below sets forth our future minimum lease payments payable under non-cancellable operating leases as of the dates indicated:

	As of 31 December			As of 31 March
	2015	2016	2017	2018
	(in thousands of RMB)			
Within one year	60,401	39,436	61,656	60,644
In the second to fifth year inclusive .	69,569	66,444	91,093	86,047
Over five years.	17,741	11,981	7,577	6,788
Total	147,711	117,861	160,326	153,479

INDEBTEDNESS

Our indebtedness consists of short-term and long-term borrowings from commercial banks and amount due to related parties of non-trade nature. As of 31 December 2015, 2016 and 2017 and 31 March 2018, our total indebtedness amounted to RMB762.7 million, RMB771.7 million, RMB707.9 million, and RMB805.0 million. As of 31 May 2018, the latest practicable date for the purpose of the indebtedness statement, we had total indebtedness of RMB352.9 million, consisting of bank borrowings of RMB350.0 million and unsecured and unguaranteed amount due to a related party of non-trade nature of RMB2.9 million which is repayable on demand.

As of 31 December 2015, 2016 and 2017 and 31 March 2018, and 31 May 2018, being the latest practicable date for the purpose of indebtedness statement, our bank borrowings were as follows:

	As of 31 December			As of 31 March	As of 31 May
	2015	2016	2017	2018	2018
	(in thousands of RMB)				
Secured and unguaranteed	350,000	290,000	–	–	–
Unsecured and guaranteed	100,000	100,000	450,000	550,000	350,000
Total	450,000	390,000	450,000	550,000	350,000
Amounts repayable:					
Within one year	160,000	390,000	450,000	550,000	350,000
Within a period of more than one year but not exceeding two years	290,000	–	–	–	–
Total	450,000	390,000	450,000	550,000	350,000

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We primarily borrow loans from commercial banks to supplement our working capital and finance our expenditures. Our bank loans as of 31 December 2015, 2016 and 2017, 31 March 2018, and 31 May 2018, were all denominated in Renminbi. As of 31 May 2018, we had no unutilised credit facilities obtained from any banks or financial institutions.

The table below sets forth the effective interest rates (per annum) of our secured bank borrowings as of the dates indicated:

	As of 31 December			As of 31 March	As of 31 May
	2015	2016	2017	2018	2018
Effective interest rate:					
Fixed-rate borrowings	5.06%~ 6.04%	4.84%~ 6.04%	4.82%~ 6.04%	4.35%~ 5.22%	4.35%~ 5.00%

During the Track Record Period and as of 31 May 2018, all of our bank loans were either secured over certain properties of Shanghai Wanju Investment Partnership (Limited Partnership), the general partner of which is a subsidiary of one of our Controlling Shareholders, E-House (China) Holdings or guaranteed by E-House Management, a subsidiary of one of our Controlling Shareholders, E-House (China) Holdings. All guarantees and pledges provided by our Group's related parties will be released before listing.

Except as aforesaid and apart from intra-group liabilities, as of 31 May 2018, we did not have any other loan issued and outstanding or any loan agreed to be issued, bank overdrafts, loans and other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges hire purchase commitments, or guarantees. Our Directors confirm that there was no material covenant on any of our outstanding debt and there was no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that our Group did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

Our contingent liabilities during the Track Record Period arose from financial guarantees we provided to commercial banks in 2017 and the three months ended 31 March 2018 for certain individual property buyers in the secondary real estate market in Wuhan. Wuhan Fangyou Century Real Estate Trading Service Co., Ltd. ("**Wuhan Fangyou**"), one of our subsidiaries providing real estate brokerage network services, entered into arrangements with several commercial banks in Wuhan to provide such transitional guarantees for property buyers.

In Wuhan, due to the specific registration procedures, the competent authorities normally require certain processing time after transfer of title (up to one to three months) before they issue the certificate of third party right in respect of the mortgage over the property. As such, in Wuhan, commercial banks providing mortgage loans generally require transitional guarantee

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from third parties in respect of the loans of property buyers. According to Cushman & Wakefield, it is a common industry practice for brokerage firms or third parties whose creditworthiness is acceptable to the relevant lending banks to provide transitional guarantees for property buyers in the Wuhan secondary real estate market so as to facilitate the transaction process. For any mortgage loan guaranteed by Wuhan Fangyou, the guarantee will be released upon receipt by the bank of the certificate of third party right in respect of the mortgage over the relevant property from the property buyer when it is issued by the relevant authorities, which in Wuhan would typically take up to one to three months. Generally, the borrower is able to provide to the mortgagee bank the certificate of third party right within one to three months from the transfer of title of the property. Until then, the mortgage loan proceeds are placed in a restricted account of the mortgagee bank and cannot be withdrawn by the borrower or the property seller. Some banks require Wuhan Fangyou to make a deposit ranging from RMB100,000 to RMB300,000. If the borrower defaults on payment of his or her mortgage loan before the guarantee is released, the mortgagee bank may deduct the payment due from the deposit and require that Wuhan Fangyou immediately repay the amount due from the borrower pursuant to the guarantee. We require the borrower to provide an undertaking to us under which we may claim from the borrower any amount which we pay to the mortgagee banks due to the borrower's default. In line with industry practice, we do not conduct any independent credit checks on the borrowers and rely on the credit evaluations conducted by the mortgagee banks. We do not charge the borrowers for the guarantees provided, and therefore we did not derive any revenue from such guarantees during the Track Record Period. However, we believe that, by providing transitional guarantees for property buyers who are customers of Fangyou-branded brokerage stores, we help these brokerage stores more effectively compete with national brokerage chains in the Wuhan secondary real estate market. Due to their limited business scale and assets, many small and medium-sized real estate brokerage firms do not meet the standards set by the relevant lending banks for the provision of transitional guarantees. These brokerage firms often engage third parties, such as guarantee companies, to provide such guarantees for their customers, which generally requires the payment of service fees. We consider Wuhan an important market for us to expand our real estate brokerage network services. Through transitional guarantees for property buyers and other empowerment services free of charge, we aim to attract more small and medium-sized brokerage firms to join our Fangyou network. Therefore, so long as the provision of transitional guarantees remains a common industry practice, we plan to continue to provide such guarantees for property buyers who are customers of Fangyou-branded brokerage stores in Wuhan.

As of 31 December 2015, 2016, 2017 and 31 March 2018, Wuhan Fangyou provided financial guarantees to banks in a total amount of nil, nil, RMB85.3 million and RMB52.2 million, respectively. Those guarantees not released as of 31 December 2017 had been released in full by the end of March 2018. As of 31 May 2018, the latest practicable date for the purpose of contingent liabilities, our contingent liabilities in connection with financial guarantees were RMB53.3 million. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any default on mortgage guarantees by property buyers that had a material adverse effect on our financial condition and results of operations. After taking into account (i) the nature of the underlying loans, and (ii) other relevant facts and circumstances, our Directors are of the view that default probabilities of those loans are relatively low, and therefore no provisions have been made.

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Save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group. Our Directors have confirmed that there has not been any material change in the contingent liabilities of our Group since 31 March 2018.

FINANCIAL RATIOS

	As of/for the year ended 31 December			As of/for the three months ended 31 March	
	2015	2016	2017	2017	2018
				(unaudited)	
Operating profit margin ⁽¹⁾	11.1%	19.7%	20.7%	21.0%	26.7%
Net profit margin ⁽²⁾	6.5%	14.3%	16.5%	15.8%	16.4%
Return on assets ⁽³⁾	5.2%	16.3%	14.4%	12.8%	8.8%
Return on equity ⁽⁴⁾	11.8%	48.4%	42.2%	35.2%	23.2%
Current ratio ⁽⁵⁾	151.0%	132.2%	136.5%	142.4%	156.3%
Gearing ratio ⁽⁶⁾	49.9%	26.7%	20.8%	30.1%	17.7%

Notes:

- (1) Operating profit margin equals our operating profit for the year/period divided by revenue for the year/period. For definition of operating profit, please see the subsection headed “Non-IFRS Measures – Operating Profit and Operating Profit Margin.”
- (2) Net profit margin equals our profit and total comprehensive income for the year/period divided by revenue for the year/period.
- (3) Return on assets for the year ended 31 December 2015, 2016 and 2017 equals profit and total comprehensive income for the year divided by the average of the total assets at the beginning of the year and the total assets as of the end of the year. Return on assets for the three months ended 31 March 2017 and 31 March 2018 equals profit and total comprehensive income for the period multiplied by four, divided by the average of the total assets at the beginning of the period and the total assets as of the end of the year.
- (4) Return on equity for the year ended 31 December 2015, 2016 and 2017 equals profit and total comprehensive income for the year divided by the average of the total equity at the beginning of the year and the total equity as of the end of the year. Return on equity for the three months ended 31 March 2017 and 31 March 2018 equals profit and total comprehensive income for the period multiplied by four, divided by the average of the total equity at the beginning of the period and the total equity as of the end of the period.
- (5) Current ratio equals our current assets divided by current liabilities as of the end of the year/period.
- (6) Gearing ratio equals total debt divided by total equity as of the end of the year/period. Total debt consists of all interest-bearing bank loans.

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Analysis of Key Financial Ratios

Operating profit margin and net profit margin

Our operating profit margin increased from 11.1% in 2015 to 19.7% in 2016, and further to 20.7% in 2017. Our net profit margin increased from 6.5% in 2015 to 14.3% in 2016, and further to 16.5% in 2017. The increases in our net operating profit margin and net profit margin during the Track Record Period was primarily due to our improved operational efficiency and increasing economies of scale, which resulted in decreases in staff costs and most other expenses as percentages of our revenue. Such increases from 2016 to 2017 were partially offset by an increase in advertising and promotion expenses as a percentage of revenue, as we provided more marketing and promotion services for our developer customers and increased marketing activities to promote our “Fangyou” brand in 2017.

Our operating profit margin increased from 21.0% for the three months ended 31 March 2017 to 26.7% for the three months ended 31 March 2018. Our net profit margin increased from 15.8% for the three months ended 31 March 2017 to 16.4% for the three months ended 31 March 2018. The increases was primarily due to a further improvement in our operational efficiency.

Return on assets and return on equity

Our return on assets increased from 5.2% in 2015 to 16.3% in 2016, and our return on equity increased from 11.8% in 2015 to 48.4% in 2016, primarily due to a significant increase in our profit and total comprehensive income, which in turn was primarily due to the growth in revenue from our real estate agency services in the primary market as well as our improved operational efficiency. The lower return on assets and return on equity in 2015 were also due to the higher opening balances of total assets and total equity in 2015, which was before a distribution of dividends of RMB600.0 million and a deemed distribution of RMB1,280.6 million to then shareholders of E-House Management and Beijing Jinyue upon completion of certain internal corporate reorganisation of E-House (China) Holdings.

Our return on assets decreased from 16.3% in 2016 to 14.4% in 2017 and from 12.8% in the three months ended 31 March 2017 to 8.8% in the three months ended 31 March 2018. Our return on equity decreased from 48.4% in 2016 to 42.2% in 2017 and from 35.2% in the three months ended 31 March 2017 to 23.2% in the three months ended 31 March 2018. These decreases were primarily due to the significant increases in our total assets and total equity. The increase in our total assets was primarily due to investments from new Shareholders in 2017 and the three months ended 31 March 2018, and the increase in our total equity was primarily due to our increasing profit and retained earnings.

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Current ratio

Our current ratio decreased from 151.0% as of 31 December 2015 to 132.2% as of 31 December 2016 primarily due to because our current liabilities, primarily including accrued payroll and welfare expenses, tax payables and amounts due to related parties, increased by a greater percentage than our current assets. In terms of absolute amounts, however, our current assets increased faster than our current liabilities from 31 December 2015 to 31 December 2016. Our current ratio remained relatively stable at 136.5% as of 31 December 2017, compared with 132.2% as of 31 December 2016. Our current ratio increased to 156.3% as of 31 March 2018 primarily due to the increase in cash and cash equivalents as a result of capital injection by CRE Corp, one of our Controlling Shareholders.

Gearing ratio

Our gearing ratio decreased from 49.9% as of 31 December 2015 to 26.7% as of 31 December 2016, and further to 20.8% as of 31 December 2017 and 17.7% as of 31 March 2018 primarily due to the increases in our total equity resulting from our increasing profit and retained earnings.

LISTING EXPENSES

We expect to incur a total of RMB189.3 million of listing expenses (assuming an Offer Price of HK\$16.03, being the mid-point of the indicative Offer Price Range between HK\$14.38 and HK\$17.68, and assuming that the Over-allotment Option is not exercised) in relation to the Global Offering, of which RMB47.0 million is expected to be charged to our consolidated statements of profit or loss and other comprehensive income for the year ending 31 December 2018 and RMB142.3 million is directly attributable to the issue of the Shares to the public and to be capitalised. Listing expenses represent professional fees and other fees incurred in connection with the Listing, including underwriting commissions but excluding discretionary bonus. The listing expenses above are the best estimate as of the Latest Practicable Date and for reference only and the actual amount may differ from this estimate. We do not expect these listing expenses to have a material impact on our results of operations in 2018.

RELATED PARTY TRANSACTIONS

We have recurring service transactions and non-trade transactions with our related parties. Amounts due from related parties of a non-trade nature and amounts due to related parties of a non-trade nature during the Track Record Period primarily represent advances between our Group and our related parties. We expect that all such advances will be settled in full prior to the Listing. During the Track Record Period, our related parties have also provided guarantees and pledges of assets for our bank borrowings. We expect that all such guarantees and pledges will be released before the Listing. See the subsection headed “Indebtedness” above. For further details about our related party transactions, please refer to Notes 21 and 37 to the Accountants’ Report in Appendix I to this document.

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Country Garden, Evergrande and Vanke, each through its subsidiary, became our Shareholders on 1 December 2017. However, because the subscription of our Company's shares by these Shareholders was subject to the completion of the reorganisation of our Controlling Shareholders, which occurred on 5 March 2018, transactions between Country Garden, Evergrande and Vanke, on the one hand, and our Group, on the other hand, during the Track Record Period were not treated as related party transactions. Since 5 March 2018, our Shareholders have included subsidiaries of Country Garden, Evergrande and Vanke. As these related parties are also our customers and regularly enter into service transactions with us, the volume of our related party transactions has become significantly larger after 5 March 2018 compared with prior periods.

Our Directors believe that each of the related party transactions set out in the Accountants' Report in Appendix I to this document was conducted in the ordinary course of business on an arm's length basis. Our Directors are of the view that our related party transactions during the Track Record Period would not distort our track record results or make our historical results not reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to a variety of risks, including market risk, credit risk and liquidity risk. We set out below the policies on how to mitigate these risks. We regularly monitor our exposure to these risks to ensure appropriate measures are implemented on a timely and effective manner. As of the Latest Practicable Date, we did not hedge or consider it was necessary to hedge any of these risks.

Market Risk

Currency risk

Certain of our cash and cash equivalent, amounts due from (to) related parties, and conditional investment fund received are denominated in foreign currency and are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy as our Directors consider that our foreign exchange risk exposure is minimal. We will consider hedging significant foreign currency exposure if such need arises.

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Interest rate risk

We are exposed to fair value interest rate risk in relation to fixed-rate bank borrowings. See Note 25 to the Accountants' Report in Appendix I to this document for more details. We currently do not have any interest rate hedging policy. We monitor our exposure to interest rate risk on on-going basis and will consider hedging interest rate risk if such need arises. We are also exposed to cash flow interest rate risk in relation to floating-rate bank balances. Our exposures to interest rates on financial liabilities are detailed in Note 30(b) to the Accountants' Report in Appendix I to this document.

A sensitivity analysis on our interest rate risk has been included in Note 30(b) to the Accountants' Report in Appendix I to this document.

Credit Risk

We are exposed to credit risk in relation to our accounts receivables, bills receivables, other receivables, other non-current assets, amounts due from related parties (except for related parties under common control of E-House (China) Holdings), restricted bank balances, and cash and cash equivalents which represents our maximum exposure to credit risk in relation to financial assets.

In addition, we are exposed to credit risk in relation to financial guarantees given to banks as detailed in Note 35. Our maximum exposure with respect to such financial guarantees is the maximum amount we may have to pay if the underlying loans default. No loss allowance for such financial guarantees has been recognised in the consolidated statements of financial position as of 31 December 2015, 2016, 2017 and 31 March 2018.

As of 31 December 2015, 2016, 2017 and 31 March 2018, with reference to the historical settlement patterns from these related parties under common control of E-House (China) Holdings, we have assessed that the expected credit loss for amounts due from related parties under common control of E-House (China) Holdings is insignificant. Thus, no loss allowance provision for amounts due from related parties under common control of E-House (China) Holdings was recognised during the Track Record Period.

We expect that there is no significant credit risk associated with restricted bank balances and cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Our management does not expect that there will be any significant losses from non-performance by these counterparties.

We have concentration of credit risk as 30.57%, 34.93%, 49.00% and 47.20% of the total gross accounts receivables, bills receivables and amounts due from related parties of trade nature – accounts receivables (except for related parties under common control of E-House (China) Holdings) was due from our largest customer as at 31 December 2015, 2016, 2017 and 31 March 2018, respectively, and 36.37%, 40.89%, 55.34% and 55.05% of the total gross accounts receivables, bills receivables and amounts due from related parties of trade nature (except for related parties under common control of E-House (China) Holdings) was due from the five largest customers as at 31 December 2015, 2016, 2017 and 31 March 2018, respectively.

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Liquidity Risk

We monitor our liquidity risk and maintain a level of cash and cash equivalents that we think adequate for our operations and mitigation of fluctuations in cash flows. We also monitor the utilisation of our bank borrowings and ensure compliance with loan covenants.

For further detail about our liquidity risk, please refer to Note 30(b) to the Accountants' Report in Appendix I to this document.

DISTRIBUTABLE RESERVES

Our Company was incorporated in the Cayman Islands and has not carried out any business since the date of its incorporation. Accordingly, our Company has no reserve available for distribution to the Shareholders as of 31 March 2018.

DIVIDEND

As we are a holding company, our ability to declare and pay dividends will depend on receipt of sufficient funds from our subsidiaries incorporated in the PRC. Our subsidiaries in the PRC must comply with their respective constitutional documents and the laws and regulations of the PRC in declaring and paying dividends to us. Pursuant to the laws applicable to the PRC's Foreign Investment Enterprises, PRC Holdco must make appropriations from after-tax profit to non-distributable reserve funds as determined by the board of directors of each relevant entity prior to payment of dividends. These reserves include a general reserve and a development fund. Subject to certain cumulative limits, the general reserve requires annual appropriations of 10% of after-tax profits as determined under PRC laws and regulations at each year-end until the balance reaches 50% of the relevant PRC entity's registered capital.

Subject to applicable laws, we currently do not have any specific dividend policy. Any amount of dividends we may declare and pay will be at the discretion of our board of directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our board of directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our board of directors. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our board of directors.

During the Track Record Period, PRC Holdco paid dividends of RMB600.0 million in 2015 to CRE BVI.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there are no circumstances which, had we been required to comply with Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

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NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since 31 March 2018 (being the date on which the latest audited consolidated financial information of our Group was prepared) and there is no event since 31 March 2018 and up to the date of this prospectus which could materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this document.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of our Group attributable to owners of the Company has been prepared in accordance with Rule 4.29 of the Listing Rules and is for the purpose of illustrating the effect of the Global Offering as if it had taken place on 31 March 2018.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group had the Global Offering been completed on 31 March 2018 or at any future dates. It is prepared based on the audited consolidated net tangible assets of our Group attributable to the owners of the Company as of 31 March 2018 as shown in the Accountants' Report of the Group as set out in Appendix I to this document, and adjusted as described below.

	Audited consolidated net tangible assets of our Group attributable to the owners of the Company as of 31 March 2018	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to the owners of the Company as of 31 March 2018	Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to the owners of the Company as of 31 March 2018 per share	
	RMB'000	RMB'000	RMB'000	RMB	HK\$
	(Note 1)	(Note 2)		(Note 3)	(Note 4)
Based on Offer Price of HK\$14.38 per Offer Share	2,981,469	3,570,283	6,551,752	4.46	5.57
Based on Offer Price of HK\$17.68 per Offer Share	2,981,469	4,398,345	7,379,814	5.03	6.28

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Notes:

1. The consolidated net tangible assets of the Group attributable to owners of the Company as of 31 March 2018 is arrived at after deducting the amount of goodwill attributable to owners of the Company of RMB5,109,000 and the amount of intangible assets attributable to owners of the Company of RMB4,488,000 from the audited consolidated net assets of RMB2,986,268,000 attributable to the owners of the Company as at 31 March 2018 as extracted from the Accountants' Report set out in Appendix I to this document.
2. The estimated net proceeds from the Global Offering are based on 322,836,000 new Shares to be issued under the Global Offering and the Offer Price of HK\$14.38 and HK\$17.68 per new Share, being the lower and higher end of the Offer Price Range, after deduction of the estimated underwriting fees and other related expenses (and without deducting any additional discretionary incentive fees) not yet recognised in profit or loss up to 31 March 2018. It does not take into account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or the options granted under the Pre-IPO Share Option Scheme or the options which may be granted under the Post-IPO Share Option Scheme and any Shares which may be issued or repurchased by the Company pursuant to the "General Mandate to Issue Shares" or "General Mandate to Repurchase Shares" detailed under the section headed "Share Capital" in this document, as applicable.

For the purpose of this unaudited pro forma statement, the estimated net proceeds is converted from Hong Kong dollars into RMB at the rate of HK\$1.2480 to RMB1.00 on 31 March 2018. No representation is made that Hong Kong dollar amounts have been, could have been or could be converted to RMB, or vice versa, at that rate or at any other rates or at all.

3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as of 31 March 2018 is calculated based on 1,467,436,000 Shares in issue immediately following the completion of the Global Offering after taking into account that the 50% equity interest of PRC Holdco was held by non-controlling shareholders of the Company. It does not take into account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or the options granted under the Pre-IPO Share Option Scheme or the options which may be granted under the Post-IPO Share Option Scheme and any Shares which may be issued or repurchased by the Company pursuant to the "General Mandate to Issue Shares" or "General Mandate to Repurchase Shares" detailed under the section headed "Share Capital" in this document, as applicable.
4. The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as of 31 March 2018 is converted from RMB into Hong Kong dollars at the rate of RMB1.00 to HK\$1.2480 on 31 March 2018. No representation is made that the RMB amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate or at other rates or at all.
5. No adjustments have been made to the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2018.

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;

FUTURE PLANS AND USE OF PROCEEDS

- 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
		Yanjiao (燕郊)	200	226
	Fourth-tier cities	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	145
		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

FUTURE PLANS AND USE OF PROCEEDS

Expansion plan for 52 cities that we are going to enter into					
			Office space to be leased (square metres)	Number of employees to be recruited	
Type of operations	City tiers	Cities			
Project-based branches. . . .		Linpan (臨汾)	100	145	
		Xianyang (咸陽)	100	145	
		Ziyang (資陽)	100	145	
		Panzhihua (攀枝花)	100	145	
		Huzhou (湖州)	200	145	
		Liu'an (六安)	100	55	
	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;

FUTURE PLANS AND USE OF PROCEEDS

- 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

FUTURE PLANS AND USE OF PROCEEDS

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.”

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HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited
Credit Suisse (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
BNP Paribas Securities (Asia) Limited
Citigroup Global Markets Asia Limited
CMB International Capital Limited
China Merchants Securities (HK) Co., Limited
Haitong International Securities Company Limited
Head & Shoulders Securities Limited
ICBC International Securities Limited
Juhui Financial Securities Limited

UNDERWRITING

This document is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Joint Representatives (on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 32,283,600 Hong Kong Offer Shares and the International Offering of initially 290,552,400 International Offer Shares, subject, in each case, to reallocation on the basis as described in “Structure of the Global Offering” as well as to the Over-allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on 9 July 2018. Pursuant to the Hong Kong Underwriting Agreement, the Company is offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this document, the Application Forms and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares (including the Shares to be issued pursuant to (1) the Global Offering (including the additional Shares which may be issued upon the exercise of the Over-allotment Option) and (2) shares to be issued pursuant to share options granted or to be granted under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme); and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this document, the Application Forms and the Hong Kong Underwriting Agreement.

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The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled, in their absolute discretion and by giving written notice to the Company, to terminate the Hong Kong Underwriting Agreement with immediate effect if prior to 8:00 a.m. on the Listing Date:

- (a) there develops, occurs, exists or comes into effect:
 - (i) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, large scale outbreaks of diseases, economic sanctions, strikes, labour disputes, lock-outs, fire, explosion, flooding, earthquake, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed)) in or affecting Hong Kong, the PRC, the Cayman Islands, the United States, the United Kingdom or the European Union (or any member thereof) (collectively, the “**Relevant Jurisdictions**”);
 - (ii) any change or development involving a prospective change, or any event or circumstances or series of events likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market matters or conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets), in or affecting any of the Relevant Jurisdictions;
 - (iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Tokyo Stock Exchange;
 - (iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at the U.S. Federal or New York State level or by any other competent authority), London, the PRC, the

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European Union (or any member thereof) or any of the other Relevant Jurisdictions (declared by the relevant authorities) or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of the Relevant Jurisdictions;

- (v) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or any governmental authority in or affecting any of the Relevant Jurisdictions;
- (vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions;
- (vii) any change or development involving a prospective change or amendment in or affecting taxation or foreign exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or RMB against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or RMB is linked to any foreign currency or currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions or affecting an investment in the Offer Shares;
- (viii) other than with the prior written consent of the Joint Representatives, the issue or requirement to issue by the Company of a supplement or amendment to this document, any Application Forms or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange and/or the SFC;
- (ix) any order or petition for the winding-up or liquidation of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group;
- (x) any litigation, dispute, legal action or claim being threatened or instigated against any member of the Group;

UNDERWRITING

- (xi) any contravention by the Company, any member of the Group, or any Director of any applicable laws and regulations or the Listing Rules;
- (xii) any non-compliance of this document (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws and regulations;

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters):

- (1) has or will or may have a material adverse effect on the assets, liabilities, general affairs, business, management, prospects, shareholder's equity, profit, losses, earnings, results of operations, performance, position or condition, financial or otherwise, of the Group as a whole;
 - (2) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications or the distribution of the Offer Shares under the Hong Kong Public Offering or the level of interest under the International Offering;
 - (3) makes or will make or is likely to make it inadvisable, inexpedient, impracticable or incapable for the Hong Kong Public Offering and/or the International Offering to proceed or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offering Documents (as defined below); or
 - (4) has or will or may have the effect of making any material part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or
- (b) there has come to the notice of the Joint Representatives that:
- (i) any statement contained in this document, the Application Forms, the formal notice in connection with the Hong Kong Public Offering and/or any notices, announcements, advertisements, communications with the Stock Exchange or the SFC or other documents (including any announcement, circular, document or other communication pursuant to the Hong Kong Underwriting Agreement) issued by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto (the **"Offering Documents"**)) but excluding information relating to the Underwriters) was, when it was issued, or has become, untrue, incorrect, inaccurate, incomplete in any material respects or misleading or deceptive, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of such documents is not fair and honest and based on reasonable grounds or reasonable assumptions;

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- (ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this document, constitute a material omission from, or misstatement in, any of the Offering Documents;
- (iii) there is a material breach of any of the obligations imposed upon the Company or any of the Controlling Shareholders under the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable;
- (iv) there is an event, act or omission which gives or is likely to give rise to any liability of the Company or any of the Controlling Shareholders pursuant to the indemnities given by any of them under the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable;
- (v) there is a material adverse change, or any development involving a prospective material adverse change, in or affecting the assets, liabilities, business, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Company and the other members of the Group, taken as a whole;
- (vi) there is a breach of, or any event or circumstance rendering untrue, incorrect, incomplete or misleading in any respect, any of the warranties given by the Company or any of the Controlling Shareholders in the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable;
- (vii) the approval of the Listing Committee of the listing of, and permission to deal in, the Shares in issue (including the Shares to be issued pursuant to (1) the Global Offering (including the additional Shares which may be issued upon the exercise of the Over-allotment Option) and (2) shares to be issued pursuant to share options granted or to be granted under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme) is refused or not granted, other than subject to customary conditions, on or before the date of the Listing, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld;
- (viii) any person (other than any of the Joint Sponsors) has withdrawn its consent to the issue of this document with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears;
- (ix) the Company withdraws this document (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering;
- (x) there is a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering; or

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- (xi) the Chairman, the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer or any executive Director of the Company is vacating his or her office;
- (xii) the Chairman, the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer or any executive Director of the Company is being charged with an indictable offence or is prohibited by operation of law or otherwise disqualified from taking part in the management of a company or there is the commencement by any governmental, political or regulatory body of any investigation or other action against the Chairman, the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer or any executive Director of the Company in his or her capacity as such or any member of the Group or an announcement by any governmental, political or regulatory body that it intends to commence any such investigation or take any such action (other than in connection with claims and disputes arising from the ordinary course of business of the Group); or
- (xiii) there is any order or petition for the winding-up of the Company or any of its principal subsidiary or any composition or arrangement made by the Company or any of its principal subsidiary with its creditors or a scheme of arrangement entered into by the Company or any of its principal subsidiary or any resolution for the winding-up of the Company or any of its principal subsidiary or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of the Company or any of its principal subsidiary or anything analogous thereto occurring in respect of the Company or any of its principal subsidiary.

Undertakings to the Stock Exchange pursuant to the Listing Rules

(A) Undertakings by the Company

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that it will not exercise its power to issue any further Shares, or securities convertible into Shares (whether or not of a class already listed) or enter into any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except (a) pursuant to the Global Offering or (b) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and the Company that, except where permitted under the Listing Rules, it will not and will procure that the relevant registered holder(s) will not in the period commencing on the date by reference to which disclosure of its

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shareholding is made in this document and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it is shown by this document to be the beneficial owner.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and the Company that, within the period commencing on the date by reference to which disclosure of its shareholding is made in this document and ending on the date which is six months from the Listing Date, it will:

- (1) when it pledges or charges any Shares beneficially owned by it in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)), immediately inform the Company of such pledge or charge together with the number of Shares so pledged or charged; and
- (2) when it receives indications, either verbal or written, from the pledgee or chargee that any pledged or charged Shares will be disposed of, immediately inform the Company of such indications.

The Company will inform the Stock Exchange as soon as it has been informed of the matters referred to in paragraphs (1) and (2) above by any of the Controlling Shareholders and disclose such matters by way of an announcement.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

(A) Undertakings by the Company

The Company has undertaken to the Joint Representatives, the Joint Sponsors and the Hong Kong Underwriters not to (save for the issue, offer or sale of the Offer Shares by the Company pursuant to the Global Offering (including pursuant to the Over-allotment Option) and the issue of Shares pursuant to share options granted or to be granted under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme), without the prior written consent of the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules, at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months from the Listing Date (the “**First Six-Month Period**”):

- (i) offer, allot, issue, sell, accept subscription for, contract to allot, issue or sell, contract or agree to allot, issue or sell, assign, grant or sell any option, warrant, right or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or otherwise transfer or dispose of, or agree to transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal

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or beneficial interest in any Shares or other securities of the Company, or any interests in any of the foregoing (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company); or

- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership (legal or beneficial) of any Shares or other securities of the Company, or any interest therein (including, without limitation, any securities of which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company); or
- (iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or
- (iv) offer to or contract to or agree to announce, or publicly disclose that the Company will or may enter into any such transaction described in paragraphs (i), (ii) or (iii) above,

in each case, whether any such transaction described in paragraphs (i), (ii) or (iii) above is to be settled by delivery of the Shares or other securities of the Company, in cash or otherwise (whether or not the issue of such Shares or other securities of the Company will be completed within the First Six-Month Period).

In the event that, during the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), the Company enters into any such transactions or offers or agrees or contracts to, or announces, or publicly discloses, any intention to, enter into any such transactions, the Company will take all reasonable steps to ensure that it will not create a disorderly or false market in the Shares or other securities of the Company.

(B) Undertakings by the Controlling Shareholders

Each of the Controlling Shareholders has undertaken to the Company, the Joint Representatives, the Joint Sponsors and the Hong Kong Underwriters (on a voluntary and irrevocable basis and cannot be waived in any event), unless in compliance with the Listing Rules:

- (a) during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is twelve months from the Listing Date (the “**Twelve-Month Period**”), he/it will not, and will procure that the relevant registered holder(s) will not:
 - (i) offer, pledge, charge, sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant, or purchase any option, warrant, contract or right to sell, grant or agree to grant any option, right or warrant to purchase or

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subscribe for, lend or otherwise transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest in any of the foregoing (including, but not limited to, any securities that are convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company) beneficially owned by him/it as at the Listing Date (the “**Locked-up Securities**”); or

- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, any Locked-up Securities; or
- (iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or
- (iv) offer to or contract to or agree to or publicly disclose that he/it will or may enter into any transaction described in paragraphs (i), (ii) or (iii) above,

whether any such transaction described in (i), (ii) or (iii) above is to be settled by delivery of such Shares or other securities of the Company, in cash or otherwise (whether or not the settlement or delivery of such Shares or other securities will be completed within the Twelve-Month Period);

- (b) until the expiry of the Twelve-Month Period, in the event that he/it or the relevant registered holder(s) enters into any such transactions specified in paragraphs (a)(i), (ii) or (iii) above or offers to or agrees to or contracts to, or publicly announces an intention to enter into any such transactions, he/it will take all reasonable steps to ensure that he/it will not create a disorderly or false market in the securities of the Company; and
- (c) at any time during the Twelve-Month Period, he/it will:
 - (i) if and when he/it or the relevant registered holder(s) pledges or charges any Shares or other securities of the Company beneficially owned by him/it, immediately inform the Company and the Joint Representatives in writing of such pledge or charge together with the number of Shares or other securities of the Company so pledged or charged; and
 - (ii) if and when he/it or the relevant registered holder(s) receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or other securities of the Company will be disposed of, immediately inform the Company and the Joint Representatives in writing of such indications.

UNDERWRITING

The Company has undertaken to the Joint Representatives, the Joint Sponsors and the Hong Kong Underwriters that in accordance with Note 3 to Rule 10.07(2) of the Listing Rules, upon receiving such information in writing from any of the Controlling Shareholders, it will, as soon as practicable, notify the Stock Exchange and make a public disclosure in relation to such information by way of an announcement.

Hong Kong Underwriters' Interests in the Company

Save for their respective obligations under the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any Shares or any securities of any member of the Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or any securities of any member of the Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, the Company and the Controlling Shareholders expect to enter into the International Underwriting Agreement with the International Underwriters on the Price Determination Date. Under the International Underwriting Agreement and subject to the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offer Shares initially being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. See the section headed “Structure of the Global Offering – The International Offering”.

Over-allotment Option

The Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Representatives on behalf of the International Underwriters at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, pursuant to which the Company may be required to issue up to an aggregate of 48,425,400 Shares, representing not more than 15% of the number of Offer Shares initially available under the Global Offering, at the Offer Price, to, among other things, cover over-allocations in the International Offering, if any. See the section headed “Structure of the Global Offering – Over-allotment Option”.

UNDERWRITING

Commissions and Expenses

The Underwriters will receive an underwriting commission of 3.0% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option), out of which they will pay any sub-underwriting commissions and other fees. The Underwriters may receive a discretionary incentive fee of up to 0.5% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option).

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate underwriting commissions payable to the Underwriters in relation to the Global Offering (assuming an Offer Price of HK\$16.03 per Offer Share (which is the mid-point of the Offer Price Range), the full payment of the discretionary incentive fee and the exercise of the Over-allotment Option in full) will be approximately HK\$208.3 million.

The aggregate underwriting commissions and fees together with the Stock Exchange listing fees, the SFC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately HK\$224.6 million (assuming an Offer Price of HK\$16.03 per Offer Share (which is the mid-point of the Offer Price Range), the full payment of the discretionary incentive fee and no exercise of Over-allotment Option) and will be paid by the Company.

Indemnity

The Company and the Controlling Shareholders have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by the Company and the Controlling Shareholders of the Hong Kong Underwriting Agreement.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilising process.

UNDERWRITING

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of the Company and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to the Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilising period described in "Structure of the Global Offering". Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilisation Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative

UNDERWRITING

transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to the Company and each of its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This document is published in connection with the Hong Kong Public Offering as part of the Global Offering. China International Capital Corporation Hong Kong Securities Limited, Credit Suisse (Hong Kong) Limited and The Hongkong and Shanghai Banking Corporation Limited are the Joint Global Coordinators of the Global Offering.

The listing of the Shares on the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on behalf of the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this document.

322,836,000 Offer Shares will initially be made available under the Global Offering comprising:

- (a) the Hong Kong Public Offering of initially 32,283,600 Shares (subject to reallocation) in Hong Kong as described in “– The Hong Kong Public Offering” below; and
- (b) the International Offering of initially 290,552,400 Shares (subject to reallocation and the Over-allotment Option) (i) in the United States solely to QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and (ii) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in “– The International Offering” below.

Investors may either:

- (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or
- (ii) apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 22% of the total Shares in issue immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 24.5% of the total Shares in issue immediately following the completion of the Global Offering.

References in this document to applications, Application Forms, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

The Company is initially offering 32,283,600 Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 2.2% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in “– Conditions of the Global Offering” below.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally (to the nearest board lot) into two pools: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

STRUCTURE OF THE GLOBAL OFFERING

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the “price” for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 16,141,800 Hong Kong Offer Shares is liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached.

If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (a) 15 times or more but less than 50 times, (b) 50 times or more but less than 100 times and (c) 100 times or more of the total number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 96,850,800 Offer Shares (in the case of (a)), 129,134,400 Offer Shares (in the case of (b)) and 161,418,000 Offer Shares (in the case of (c)), representing 30%, 40% and 50% of the total number of Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option). In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Representatives deem appropriate.

In addition, the Joint Representatives may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

If the Hong Kong Public Offering is not fully subscribed, the Joint Representatives may reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Representatives deem appropriate.

The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Representatives.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if he has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the Maximum Offer Price of HK\$17.68 per Offer Share in addition to the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK\$5,357.45 for one board lot of 300 Shares. If the Offer Price, as finally determined in the manner described in “– Pricing and Allocation” below, is less than the Maximum Offer Price of HK\$17.68 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in “How to Apply for Hong Kong Offer Shares”.

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

The International Offering will consist of an offering of initially 290,552,400 Shares, representing 90% of the total number of Offer Shares initially available under the Global Offering (subject to reallocation and the Over-allotment Option). The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 19.8% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

STRUCTURE OF THE GLOBAL OFFERING

Allocation

The International Offering will include selective marketing of Offer Shares to QIBs in the United States as well as institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in “– Pricing and Allocation” below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Group and the Shareholders as a whole.

The Joint Representatives (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Representatives so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in “– The Hong Kong Public Offering – Reallocation” above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, the Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Representatives (on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Joint Representatives (on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require the Company to issue up to an aggregate of 48,425,400 additional Offer Shares, representing not more than 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to, among other things, cover over-allocations in the International Offering, if any.

STRUCTURE OF THE GLOBAL OFFERING

If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 15% of the total Shares in issue immediately following the completion of the Global Offering. If the Over-allotment Option is exercised, an announcement will be made.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the securities in the secondary market during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilisation Manager (or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilising or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilisation Manager (or any person acting for it) to conduct any such stabilising action. Such stabilising action, if taken, (a) will be conducted at the absolute discretion of the Stabilisation Manager (or any person acting for it) and in what the Stabilisation Manager reasonably regards as the best interest of the Company, (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

Stabilisation action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilising) Rules of the SFO includes (a) over-allocating for the purpose of preventing or minimising any reduction in the market price of the Shares, (b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares, (c) purchasing, or agreeing to purchase, the Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (a) or (b) above, (d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares, (e) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (f) offering or attempting to do anything as described in paragraph (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- (a) the Stabilisation Manager (or any person acting for it) may, in connection with the stabilising action, maintain a long position in the Shares;
- (b) there is no certainty as to the extent to which and the time or period for which the Stabilisation Manager (or any person acting for it) will maintain such a long position;

STRUCTURE OF THE GLOBAL OFFERING

- (c) liquidation of any such long position by the Stabilisation Manager (or any person acting for it) and selling in the open market may have an adverse impact on the market price of the Shares;
- (d) no stabilising action can be taken to support the price of the Shares for longer than the stabilisation period, which will begin on the Listing Date, and is expected to expire on Sunday, 12 August 2018, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- (e) the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and
- (f) stabilising bids or transactions effected in the course of the stabilising action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

The Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilising) Rules of the SFO will be made within seven days of the expiration of the stabilisation period.

Over-Allocation

Following any over-allocation of Shares in connection with the Global Offering, the Stabilisation Manager (or any person acting for it) may cover such over-allocations by, among other methods, exercising the Over-allotment Option in full or in part, or by using Shares purchased by the Stabilisation Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price or a combination of these means.

PRICING AND ALLOCATION

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Saturday, 14 July 2018 and, in any event, no later than Thursday, 19 July 2018, by agreement between the Joint Representatives (on behalf of the Underwriters) and the Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK\$17.68 per Offer Share and is expected to be not less than HK\$14.38 per Offer Share, unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering must pay, on application, the Maximum Offer Price of HK\$17.68 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, amounting to a total of HK\$5,357.45 for one board lot of 300 Shares. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the Minimum Offer Price stated in this document.**

STRUCTURE OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Joint Representatives (on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of the Company, reduce the number of Offer Shares offered and/or the Offer Price Range below that stated in this document at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Company and the Stock Exchange at www.ehousechina.com and www.hkexnews.hk, respectively, notices of the reduction. Upon the issue of such a notice, the revised number of Offer Shares and/or the Offer Price Range will be final and conclusive and the Offer Price, if agreed upon by the Joint Representatives (on behalf of the Underwriters) and the Company, will be fixed within such revised Offer Price Range.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price Range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this document, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Joint Representatives (on behalf of the Underwriters) and the Company, will under no circumstances be set outside the Offer Price Range as stated in this document.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in the section headed “How to Apply for Hong Kong Offer Shares – Publication of Results”.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to, among other things, the Joint Representatives (on behalf of the Underwriters) and the Company agreeing on the Offer Price.

STRUCTURE OF THE GLOBAL OFFERING

The Company expects to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarised in the section headed “Underwriting”.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

- (a) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering on the Main Board of the Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;
- (b) the Offer Price having been agreed between the Joint Representatives (on behalf of the Underwriters) and the Company;
- (c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- (d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this document.

If, for any reason, the Offer Price is not agreed between the Joint Representatives (on behalf of the Underwriters) and the Company on or before Thursday, 19 July 2018, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by the Company in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Company and the Stock Exchange at www.ehousechina.com and

STRUCTURE OF THE GLOBAL OFFERING

www.hkexnews.hk, respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in “How to Apply for Hong Kong Offer Shares – Refund of Application Monies”. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licenced under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares will only become valid at 8:00 a.m. on Friday, 20 July 2018, provided that the Global Offering has become unconditional in all respects at or before that time.

DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 20 July 2018, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, 20 July 2018.

The Shares will be traded in board lots of 300 Shares each and the stock code of the Shares will be 2048.

HOW TO APPLY FOR HONG KONG OFFER SHARES

A. APPLICATIONS FOR HONG KONG OFFER SHARES

1. How to Apply

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online through the **White Form eIPO** service at www.eipo.com.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Representatives, the White Form eIPO Service Provider and their respective agents may reject or accept any application, in full or in part, for any reason at their discretion.

2. Who Can Apply

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or any person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States (within the meaning of Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S; and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If you apply for Hong Kong Offer Shares online through the **White Form eIPO** service, in addition to the above you must also:

- have a valid Hong Kong identity card number; and
- provide a valid e-mail address and a contact telephone number.

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If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Company and the Joint Representatives, as the Company's agent, may accept it at their discretion, and on any conditions they think fit, including requiring evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if:

- you are an existing beneficial owner of Shares and/or a substantial shareholder of any of the Company's subsidiaries;
- you are a director or chief executive of the Company and/or any of the Company's subsidiaries;
- you are a close associate of any of the above persons;
- you are a connected person of the Company or a person who will become a connected person of the Company immediately upon the completion of the Global Offering; or
- you have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. Applying for Hong Kong Offer Shares

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through the **White Form eIPO** service at www.eipo.com.hk.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 10 July 2018 until 12:00 noon on Friday, 13 July 2018 from:

- (a) any of the following offices of the Joint Representatives:

China International Capital Corporation

Hong Kong Securities Limited

29th Floor

One International Finance Centre

1 Harbour View Street, Central

Hong Kong

Credit Suisse (Hong Kong)

Limited

Level 88

International Commerce Centre

1 Austin Road West, Kowloon

Hong Kong

- (b) any of the following branches of the receiving banks for the Hong Kong Public Offering:

(i) *Bank of China (Hong Kong) Limited*

	Branch Name	Address
Hong Kong Island . .	Bank of China Tower Branch	1 Garden Road, Hong Kong
	Connaught Road Central Branch	13-14 Connaught Road Central
Kowloon	Mei Foo Mount Sterling Mall Branch	Shop N47-49, G/F, Mount Sterling Mall, Mei Foo Sun Chuen
	Tsim Sha Tsui East Branch	Shop 3, LG/F, Hilton Towers, 96 Granville Road, Tsim Sha Tsui East, Kowloon
New Territories	Tseung Kwan O Plaza Branch	Shop 112-125, Level 1, Tseung Kwan O Plaza, Tseung Kwan O
	Yuen Long Branch	102-108 Castle Peak Road, Yuen Long

(ii) *Standard Chartered Bank (Hong Kong) Limited*

	Branch Name	Address
Hong Kong Island . .	Central Branch	G/F, 1/F, 2/F and 27/F, Two Chinachem Central, 26 Des Voeux Road Central
	Causeway Bay Branch	G/F to 2/F, Yee Wah Mansion, 38-40A Yee Wo Street, Causeway Bay

HOW TO APPLY FOR HONG KONG OFFER SHARES

	Branch Name	Address
Kowloon	Mongkok Branch	Shop B, G/F, 1/F & 2/F, 617-623 Nathan Road, Mongkok
	Lok Fu Shopping Centre Branch	Shop G201, G/F., Lok Fu Shopping Centre
New Territories	Shatin Plaza Branch	Shop No. 8, Shatin Plaza, 21-27 Shatin Centre Street, Shatin
	Metroplaza Branch	Shop 473B, Level 4, Metroplaza, 223 Hing Fong Road, Kwai Chung

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 10 July 2018 until 12:00 noon on Friday, 13 July 2018 from:

- the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong; or
- your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**BANK OF CHINA (HONG KONG) NOMINEES LIMITED – E-HOUSE (CHINA) PUBLIC OFFER**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above at the following times:

Tuesday, 10 July 2018 – 9:00 a.m. to 5:00 p.m.
Wednesday, 11 July 2018 – 9:00 a.m. to 5:00 p.m.
Thursday, 12 July 2018 – 9:00 a.m. to 5:00 p.m.
Friday, 13 July 2018 – 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, 13 July 2018, the last day for applications, or such later time as described in "– Effect of Bad Weather on the Opening and Closing of the Application Lists" below.

4. Terms and Conditions of an Application

Follow the detailed instructions in the **WHITE** or **YELLOW** Application Form carefully, otherwise your application may be rejected.

By submitting a **WHITE** or **YELLOW** Application Form or applying through the **White Form eIPO** service, among other things, you:

- (a) undertake to execute all relevant documents and instruct and authorise the Company and/or the Joint Representatives (or its agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (b) agree to comply with the Memorandum and Articles of Association of the Company, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and Cayman Companies Law;
- (c) confirm that you have read the terms and conditions and application procedures set out in this document and in the Application Form and agree to be bound by them;
- (d) confirm that you have received and read this document and have relied only on the information and representations in this document in making your application and will not rely on any other information or representations, except those in any supplement to this document;
- (e) confirm that you are aware of the restrictions on the Global Offering set out in this document;
- (f) agree that none of the Company, the Relevant Persons and the White Form eIPO Service Provider is or will be liable for any information and representations not in this document (and any supplement to this document);
- (g) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares nor participated in the International Offering;
- (h) agree to disclose to the Company, the Hong Kong Share Registrar, the receiving banks and the Relevant Persons any personal data which any of them may require about you and the person(s) for whose benefit you have made the application;
- (i) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and neither the Company nor the Relevant Persons will breach any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions in this document and the Application Form;
- (j) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (k) agree that your application will be governed by the laws of Hong Kong;
- (l) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (within the meaning of Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

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- (m) warrant that the information you have provided is true and accurate;
- (n) agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;
- (o) authorise (i) the Company to place your name(s) or the name of HKSCC Nominees on the register of members of the Company as the holder(s) of any Hong Kong Offer Shares allocated to you and such other registers as required under the Memorandum and Articles of Association of the Company and (ii) the Company and/or its agents to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint applications by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in “– Personal Collection” below to collect the Share certificate(s) and/or refund cheque(s) in person;
- (p) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (q) understand that the Company, the Directors and the Joint Representatives will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (r) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service or by any one as your agent or by any other person; and
- (s) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as its agent.

Additional Instructions for YELLOW Application Forms

You should refer to the **YELLOW** Application Form for details.

5. Applying Through the White Form eIPO Service

General

Individuals who meet the criteria in “– Who Can Apply” above may apply through the **White Form eIPO** service for the Offer Shares to be allocated and registered in their own names through the designated website at www.eipo.com.hk.

Detailed instructions for applications through the **White Form eIPO** service are set out on the designated website. If you do not follow the instructions, your application may be

HOW TO APPLY FOR HONG KONG OFFER SHARES

rejected and may not be submitted to the Company. If you apply through the designated website, you authorise the White Form eIPO Service Provider to apply on the terms and conditions in this document, as supplemented and amended by the terms and conditions of the White Form eIPO Service Provider.

Time for Submitting Applications under the White Form eIPO Service

You may submit your application through the **White Form eIPO** service through the designated website at www.eipo.com.hk (24 hours daily, except on the last day for applications) from 9:00 a.m. on Tuesday, 10 July 2018 until 11:30 a.m. on Friday, 13 July 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, 13 July 2018, the last day for applications, or such later time as described in “– Effect of Bad Weather on the Opening and Closing of the Application Lists” below.

No Multiple Applications

If you apply by means of the **White Form eIPO** service, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application will be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

Only one application may be made for the benefit of any person. If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this document acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Environmental Protection

The obvious advantage of the White Form eIPO is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, the designated White Form eIPO Service Provider, will contribute HK\$2 for each “E-House (China) Enterprise Holdings Limited” White Form eIPO application submitted via the website www.eipo.com.hk to support the funding of “Dongjiang River Source Tree Planting” project initiated by Friends of the Earth (HK).

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6. Applying By Giving Electronic Application Instructions to HKSCC via CCASS

General

CCASS Participants may give electronic application instructions to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre, 1/F
One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a document from the above address.

If you are not a **CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Representatives and the Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (a) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this document; and

HOW TO APPLY FOR HONG KONG OFFER SHARES

(b) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allocated shall be registered in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
- undertake and confirm that you have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares nor participated in the International Offering;
- declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as its agent;
- confirm that you understand that the Company, the Directors and the Joint Representatives will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- authorise the Company to place HKSCC Nominees' name on the register of members of the Company as the holder of the Hong Kong Offer Shares allocated to you and such other registers as required under the Articles of Association, and despatch Share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between the Company and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this document and agree to be bound by them;
- confirm that you have received and read a copy of this document and have relied only on the information and representations in this document in causing the application to be made and will not rely on any other information or representations, except those in any supplement to this document;
- agree that neither the Company nor the Relevant Persons is or will be liable for any information and representations not in this document (and any supplement to this document);
- agree to disclose to the Company, the Hong Kong Share Registrar, the receiving banks and the Relevant Persons any personal data which they may require about you;

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- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with the Company, and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this document. However, HKSCC Nominees may revoke the application on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this document under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person's responsibility for this document;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering by the Company;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for the Company and on behalf of each Shareholder, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Memorandum and Articles of Association of the Company, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and Cayman Companies Law; and
- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees will be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the Maximum Offer Price, brokerage, SFC transaction levy and Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the Maximum Offer Price initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this document.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 300 Hong Kong Offer Shares. Instructions for more than 300 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Tuesday, 10 July 2018	– 9:00 a.m. to 8:30 p.m.⁽¹⁾
Wednesday, 11 July 2018	– 8:00 a.m. to 8:30 p.m.⁽¹⁾
Thursday, 12 July 2018	– 8:00 a.m. to 8:30 p.m.⁽¹⁾
Friday, 13 July 2018	– 8:00 a.m.⁽¹⁾ to 12:00 noon

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

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CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, 10 July 2018 until 12:00 noon on Friday, 13 July 2018 (24 hours daily, except on the last day for applications).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, 13 July 2018, the last day for applications, or such later time as described in “– Effect of Bad Weather on the Opening and Closing of the Application Lists” below.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this document acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving banks and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. Warning for Electronic Applications

The application for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is only a facility provided by the White Form eIPO Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day for applications to make your electronic application. The Company, the Relevant Persons and the White Form eIPO Service Provider take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allocated any Hong Kong Offer Shares.

HOW TO APPLY FOR HONG KONG OFFER SHARES

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System for submission of their **electronic application instructions**, they should either (a) submit a **WHITE** or **YELLOW** Application Form or (b) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, 13 July 2018, the last day for applications, or such later time as described in “– Effect of Bad Weather on the Opening and Closing of the Application Lists” below.

8. How Many Applications Can You Make

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees”, you must include:

- an account number; or
- some other identification code,

for **each** beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**).

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being made for your benefit.

“**Unlisted company**” means a company with no equity securities listed on the Stock Exchange.

“**Statutory control**” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or

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- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. How Much are the Hong Kong Offer Shares

The Maximum Offer Price is HK\$17.68 per Offer Share. You must also pay brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%. This means that for one board lot of 300 Hong Kong Offer Shares, you will pay HK\$5,357.45.

You must pay the Maximum Offer Price, together with brokerage, SFC transaction levy and Stock Exchange trading fee, in full upon application for Hong Kong Offer Shares under the terms and conditions set out in the Application Forms.

The Application Forms have tables showing the exact amount payable for the numbers of Offer Shares that may be applied for.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 300 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 300 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.eipo.com.hk.

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy and the Stock Exchange trading fee will be paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure of the Global Offering – Pricing and Allocation”.

10. Effect of Bad Weather on the Opening and Closing of the Application Lists

The application lists will not open or close if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 13 July 2018. Instead, they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, 13 July 2018 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in “Expected Timetable”, an announcement will be made.

HOW TO APPLY FOR HONG KONG OFFER SHARES

11. Publication of Results

The Company expects to announce the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares on Thursday, 19 July 2018 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Company at www.ehousechina.com and the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and dates and in the manner set out below:

- in the announcement to be posted on the websites of the Company and the Stock Exchange at www.ehousechina.com and www.hkexnews.hk, respectively, by no later than 9:00 a.m. on Thursday, 19 July 2018;
- from the designated results of allocations website at www.iporesults.com.hk (alternatively: English <https://www.eipo.com.hk/en/Allotment>; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with a “search by ID function” on a 24 hour basis from 8:00 a.m. on Thursday, 19 July 2018 to 12:00 midnight on Wednesday, 25 July 2018;
- from the allocation results telephone enquiry line by calling +852 2862 8669 between 9:00 a.m. and 10:00 p.m. from Thursday, 19 July 2018 to Sunday, 22 July 2018; and
- in the special allocation results booklets which will be available for inspection during the opening hours of the individual receiving bank branches referred to above from Thursday, 19 July 2018 to Saturday, 21 July 2018.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are set out in “Structure of the Global Offering”.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

HOW TO APPLY FOR HONG KONG OFFER SHARES

12. Circumstances in which You will not be Allocated Hong Kong Offer Shares

You should note the following situations in which the Hong Kong Offer Shares will not be allocated to you:

(a) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before 20 July 2018. This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before 20 July 2018 in the following circumstances:

- (i) if a person responsible for this document under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person's responsibility for this document; or
- (ii) if any supplement to this document is issued, in which case applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot, respectively.

(b) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Representatives, the White Form eIPO Service Provider and their respective agents or nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(c) If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Listing Committee does not grant permission to list the Shares either:

- within three weeks from the closing date of the applications lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(d) If:

- you make multiple applications or are suspected of making multiple applications;
- you or the person for whose benefit you apply for, have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website at www.eipo.com.hk;
- you apply for more than 16,141,800 Hong Kong Offer Shares, being 50% of the 32,283,600 Hong Kong Offer Shares initially available under the Hong Kong Public Offering;
- the Company or the Joint Representatives believe that by accepting your application, it would violate applicable securities or other laws, rules or regulations; or
- the Underwriting Agreements do not become unconditional or are terminated.

HOW TO APPLY FOR HONG KONG OFFER SHARES

13. Refund of Application Monies

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the Maximum Offer Price per Offer Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable thereon) paid on application, or if the conditions of the Global Offering as set out in “Structure of the Global Offering – Conditions of the Global Offering” are not satisfied or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Stock Exchange trading fee, will be refunded, without interest or the cheque or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on or before Thursday, 19 July 2018.

14. Despatch/Collection of Share Certificates/e-Refund Payment Instructions/Refund Cheques

You will receive one Share certificate for all Hong Kong Offer Shares allocated to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Offer Shares. No receipt will be issued for sums paid on application.

If you apply by **WHITE** or **YELLOW** Application Form(s), subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- (a) Share certificate(s) for all the Hong Kong Offer Shares allocated to you (for applicants on **YELLOW** Application Forms, Share certificate(s) for the Hong Kong Offer Shares allocated to you will be deposited into CCASS as described below); and
- (b) refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for and/or (ii) the difference between the Offer Price and the Maximum Offer Price paid on application in the event that the Offer Price is less than the Maximum Offer Price paid on application (including brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% but without interest).

HOW TO APPLY FOR HONG KONG OFFER SHARES

Part of the Hong Kong identity card number/passport number provided by you or the first-named applicant (if you are joint applicants) may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque.

Subject to arrangement on despatch/collection of Share certificates and refund cheques as mentioned below, any refund cheques and Share certificate(s) are expected to be posted on or before Thursday, 19 July 2018. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, 20 July 2018, provided that the Global Offering has become unconditional in all respects at or before that time. Investors who trade Share on the basis of publicly available allocation details or prior to the receipt of the Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk.

Personal Collection

(a) If you apply using a WHITE Application Form:

- If you apply for 1,000,000 Hong Kong Offer Shares or more on a **WHITE** Application Form and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) (where applicable) from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 19 July 2018, or any other place or date notified by the Company in the newspapers.
- If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant who is eligible for personal collection, your authorised representative must provide a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.
- If you do not personally collect your refund cheque(s) and/or Share certificate(s) (where applicable) within the time specified for collection, they will be despatched promptly to you to the address specified in your Application Form by ordinary post and at your own risk.
- If you apply for less than 1,000,000 Hong Kong Offer Shares on a **WHITE** Application Form, your refund cheque(s) and/or Share certificate(s) (where applicable) will be sent to the address specified in your Application Form on or before Thursday, 19 July 2018 by ordinary post and at your own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(b) If you apply using a *YELLOW* Application Form:

- If you apply for 1,000,000 Hong Kong Offer Shares or more and have provided all information required by your Application Form, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address specified in the Application Form on or before Thursday, 19 July 2018 by ordinary post and at your own risk.
- If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or your designated CCASS Participant's stock account as stated in your Application Form on Thursday, 19 July 2018 or, in the event of a contingency, on any other date determined by HKSCC or HKSCC Nominees.
- If you apply through a designated CCASS Participant (other than a CCASS Investor Participant), for Hong Kong Offer Shares credited to your designated CCASS Participant's stock account (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS Participant.
- If you apply as a CCASS Investor Participant, the Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering on Thursday, 19 July 2018 in the manner as described in "– *Publication of Results*" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 19 July 2018 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System. HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account.

(c) If you apply through *White Form eIPO* service:

- If you apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service and your application is wholly or partially successful, you may collect your Share certificate(s) (where applicable) in person from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 19 July 2018, or any other place or date notified by the Company in the newspapers as the date of despatch or collection of Share certificates.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- If you do not personally collect your Share certificate(s) within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post and at your own risk.
- If you apply for less than 1,000,000 Hong Kong Offer Shares through the **White Form eIPO** service, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Thursday, 19 July 2018 by ordinary post and at your own risk.
- If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address specified in your application instructions in the form of refund cheque(s) by ordinary post and at your own risk.

(d) If you apply by giving electronic application instructions to HKSCC via CCASS:

Allocation of Hong Kong Offer Shares

- For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, 19 July 2018 or on any other date determined by HKSCC or HKSCC Nominees.
- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card/passport/Hong Kong business registration number or other identification code (Hong Kong business registration number for corporations) and the basis of allocations of the Hong Kong Offer Shares in the manner as described in “– Publication of Results” above on Thursday, 19 July 2018. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 19 July 2018 or such other date as determined by HKSCC or HKSCC Nominees.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, 19 July 2018. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the Maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 19 July 2018.

15. Admission of the Shares into CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and the Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests.

All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

The following is the text of a report received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in the Prospectus.

Deloitte.**德勤**

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF E-HOUSE (CHINA) ENTERPRISE HOLDINGS LIMITED (FORMERLY KNOWN AS "FANGYOU INFORMATION TECHNOLOGY COMPANY LIMITED"), CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND CREDIT SUISSE (HONG KONG) LIMITED

Introduction

We report on the historical financial information of E-House (China) Enterprise Holdings Limited (formerly known as "Fangyou Information Technology Company Limited") (the "Company"), its subsidiaries and the real estate agency services in the primary market business carried out by E-House (China) Enterprise Management Group Co., Ltd.[#] (易居(中國)企業管理集團有限公司) (formerly known as Shanghai Real Estate Consultancy & Sales (Group) Co., Limited (上海房屋銷售(集團)有限公司)) ("E-House Management") and Beijing EJU Enterprise Management Consulting Co., Ltd.[#] (北京易杰優企業管理諮詢有限公司) (formerly known as Beijing Jinyue Real Estate Brokerage Co., Ltd.[#] (北京金岳房地產經紀有限公司)) ("Beijing EJU") (the "Primary Business") (together, the "Group") set out on pages I-4 to I-101, which comprises the consolidated statements of financial position of the Group as at 31 December 2015, 2016 and 2017 and 31 March 2018, the statements of financial position of the Company as at 31 December 2015, 2016 and 2017 and 31 March 2018, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 31 December 2017 and the three-month period ended 31 March 2018 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-101 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 10 July 2018 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1b to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

[#] English name is for identification purpose only

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1b to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, true and fair view of the Company's and the Group's financial position as at 31 December 2015, 2016 and 2017 and 31 March 2018 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 1b to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the three-month period ended 31 March 2017 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in note 1b to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in

accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Auditing and Assurance Standards Board. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 1b to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 13 to the Historical Financial Information which contains information about the dividends paid by the entities now comprising the Group in respect of the Track Record Period. No dividends have been paid by the Company in respect of the Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
10 July 2018

HISTORICAL FINANCIAL INFORMATION**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with accounting policies which conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and were audited by us in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December			For the three-month period ended 31 March	
		2015	2016	2017	2017	2018
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Revenue	5	2,716,446	3,996,129	4,633,360	854,794	930,202
Staff costs		(1,736,714)	(2,401,923)	(2,623,332)	(500,588)	(503,388)
Advertising and promotion expenses		(125,551)	(130,539)	(236,053)	(29,231)	(30,378)
Operating lease charges in respect of office premises . .		(86,837)	(94,133)	(105,571)	(25,248)	(26,613)
Depreciation and amortisation expenses		(27,258)	(24,190)	(27,870)	(9,308)	(6,291)
Loss allowance on financial assets measured at amortised cost	8A	(63,441)	(103,959)	(119,866)	(10,673)	(12,143)
Consultancy expenses		(158,180)	(176,464)	(224,424)	(37,003)	(29,801)
Distribution expenses		–	(24,967)	(51,726)	(9,174)	(20,676)
Other operating costs		(215,794)	(253,812)	(284,539)	(53,741)	(52,735)
Other income	7	22,219	39,270	38,256	1,612	17,586
Other gains and losses	8B	(4,432)	(2,519)	3,355	496	(21,726)
Other expenses		(4,877)	(3,801)	(8,831)	(4,126)	(1)
Listing expenses		–	–	–	–	(17,406)
Share of result of associates . .		92	(531)	148	158	(1,638)
Finance costs	9	(26,448)	(29,756)	(21,650)	(6,642)	(5,551)
Profit before taxation		289,225	788,805	971,257	171,326	219,441
Income tax expense	10	(112,071)	(216,636)	(205,951)	(36,228)	(67,066)
Profit and total comprehensive income for the year/period	11	177,154	572,169	765,306	135,098	152,375
Profit and total comprehensive income for the year/period attributable to:						
Owners of the Company . . .		165,209	486,969	352,020	56,000	93,875
Non-controlling interests . . .		11,945	85,200	413,286	79,098	58,500
		<u>177,154</u>	<u>572,169</u>	<u>765,306</u>	<u>135,098</u>	<u>152,375</u>
Earnings per share	14					
– Basic (RMB cents)		16.52	53.20	70.40	11.20	13.54
– Diluted (RMB cents)		N/A	N/A	N/A	N/A	8.81

STATEMENTS OF FINANCIAL POSITION

		The Group				The Company			
		As at 31 December			As at 31 March	As at 31 December			As at 31 March
Notes		2015	2016	2017	2018	2015	2016	2017	2018
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets									
Property and equipment	15	55,802	65,148	62,249	57,541	–	–	–	–
Investment properties	16	5,266	12,581	18,688	18,213	–	–	–	–
Goodwill	17	5,109	5,109	5,109	5,109	–	–	–	–
Intangible assets	18	16,895	11,206	5,744	4,488	–	–	–	–
Interests in associates	19	4,893	5,962	11,015	9,377	–	–	–	–
Amounts due from related parties . .	21	84,978	85,495	–	15,868	–	–	–	–
Deferred tax assets	26	208,255	350,179	504,234	470,842	–	–	–	–
Other non-current assets	20	15,396	17,663	31,669	25,811	–	–	–	–
Investment in a subsidiary	38 (a)	–	–	–	–	7	7	7	9,318,225
		396,594	553,343	638,708	607,249	7	7	7	9,318,225
Current assets									
Accounts receivables and bills									
receivables	20	1,392,244	2,290,708	3,308,002	2,231,579	–	–	–	–
Other receivables	20	25,259	40,668	71,590	87,951	–	–	42	4,879
Amounts due from related parties . .	21	470,241	365,040	379,070	1,319,609	631	674	167,815	160,871
Financial assets mandatorily									
measured at fair value through									
profit or loss	22	–	–	20,000	20,000	–	–	–	–
Restricted bank balances	23	500	63,623	131,264	82,720	–	–	–	–
Cash and cash equivalents	23	465,756	974,946	1,791,290	3,182,165	1	2	1,086,692	93,255
		2,354,000	3,734,985	5,701,216	6,924,024	632	676	1,254,549	259,005
Current liabilities									
Accounts payables	24	68,484	109,614	174,561	119,493	–	–	–	–
Advance from customers		36,255	64,541	83,468	105,967	–	–	–	–
Accrued payroll and welfare									
expenses		536,728	961,546	1,161,640	806,523	–	–	–	–
Other payables	24	124,146	253,518	1,604,386	2,162,229	–	–	1,253,850	21,487
Tax payables		301,891	567,929	405,733	372,027	–	–	–	–
Amounts due to related parties . . .	21	331,557	478,606	297,294	312,855	726	790	768	778
Bank borrowings	25	160,000	390,000	450,000	550,000	–	–	–	–
		1,559,061	2,825,754	4,177,082	4,429,094	726	790	1,254,618	22,265
Net current assets (liabilities) . . .		794,939	909,231	1,524,134	2,494,930	(94)	(114)	(69)	236,740
Total assets less current									
liabilities		1,191,533	1,462,574	2,162,842	3,102,179	(87)	(107)	(62)	9,554,965
Non-current liabilities									
Bank borrowings	25	290,000	–	–	–	–	–	–	–
Deferred tax liabilities	26	513	366	219	182	–	–	–	–
		290,513	366	219	182	–	–	–	–
Net assets (liabilities)		901,020	1,462,208	2,162,623	3,101,997	(87)	(107)	(62)	9,554,965
Capital and reserves									
Paid-in/share capital	27	226,263	330,007	330,076	76	7	7	76	76
Share premium		–	–	–	1,229,977	–	–	–	1,229,977
Reserves		620,998	376,023	695,034	1,756,215	(94)	(114)	(138)	8,324,912
Equity attributable to owners									
of the Company		847,261	706,030	1,025,110	2,986,268	(87)	(107)	(62)	9,554,965
Non-controlling interests		53,759	756,178	1,137,513	115,729	–	–	–	–
Total equity		901,020	1,462,208	2,162,623	3,101,997	(87)	(107)	(62)	9,554,965

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company						Sub-total	Non-controlling interests	Total
	Share capital	Share premium	Merger reserve	Statutory surplus reserve	Other reserves	Retained profits			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000			
			(note a)	(note b)	(note c)				
At 1 January 2015	226,263	–	749,827	129,665	175,205	764,894	2,045,854	52,606	2,098,460
Profit and total comprehensive income for the year	–	–	–	–	–	165,209	165,209	11,945	177,154
Dividend recognised as distribution (note 13)	–	–	–	–	–	(600,000)	(600,000)	–	(600,000)
Dividend recognised as distribution to non-controlling shareholders	–	–	–	–	–	–	–	(21,966)	(21,966)
Transferred to statutory surplus reserve	–	–	–	14,457	–	(14,457)	–	–	–
Recognition of equity-settled share-based payment expenses issued by E-House (China) Holdings Limited (“E-House (China) Holdings”) and Leju Holdings Limited (“Leju”) (note 28)	–	–	–	–	18,019	–	18,019	–	18,019
Capital injection by non-controlling shareholders of a subsidiary of the Group (note d)	–	–	–	–	15,826	–	15,826	11,174	27,000
Disposal of subsidiaries under common control (note 32)	–	–	–	–	10,876	–	10,876	–	10,876
Effect of Group Reorganisation (as defined in note 1b) (note e & i)	–	–	(118,223)	–	–	–	(118,223)	–	(118,223)
Deemed distribution upon completion of Business Transfer (note f)	–	–	(640,423)	–	–	(49,877)	(690,300)	–	(690,300)
At 31 December 2015	226,263	–	(8,819)	144,122	219,926	265,769	847,261	53,759	901,020
Profit and total comprehensive income for the year	–	–	–	–	–	486,969	486,969	85,200	572,169
Dividend recognised as distribution to non-controlling shareholders	–	–	–	–	–	–	–	(19,167)	(19,167)
Transferred to statutory surplus reserve	–	–	–	23,838	–	(23,838)	–	–	–
Recognition of equity-settled share-based payment expenses issued by E-House (China) Holdings and Leju (note 28)	–	–	–	–	7,696	–	7,696	–	7,696
Proportional capital contribution by non-controlling shareholder.	–	–	–	–	–	–	–	490	490
Disposal of equity interest in E-House Enterprise (China) Group Co., Ltd. [#] (易居企業(中國)集團有限公司) (“PRC Holdco”) without losing control (note g).	(113,128)	–	–	–	–	(522,768)	(635,896)	635,896	–
Capitalisation of retained earnings and statutory surplus reserve of PRC Holdco into a joint stock company (note h)	216,872	–	–	(45,438)	–	(171,434)	–	–	–
At 31 December 2016	330,007	–	(8,819)	122,522	227,622	34,698	706,030	756,178	1,462,208

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	Attributable to owners of the Company							
	Share capital	Share premium	Merger reserve	Statutory surplus reserve	Other reserves	Retained profits	Sub-total	Non-controlling interests
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			(note a)	(note b)	(note c)			
At 1 January 2017	330,007	–	(8,819)	122,522	227,622	34,698	706,030	756,178
Profit and total comprehensive income for the year	–	–	–	–	–	352,020	352,020	413,286
Dividend recognised as distribution to non-controlling shareholders	–	–	–	–	–	–	–	(28,951)
Transferred to statutory surplus reserve	–	–	–	14,264	–	(14,264)	–	–
Issue of shares of the Company	69	–	–	–	(9)	–	60	–
Effect of Group Reorganisation (note i)	–	–	(33,000)	–	–	–	(33,000)	(3,000)
At 31 December 2017	330,076	–	(41,819)	136,786	227,613	372,454	1,025,110	1,137,513
Profit and total comprehensive income for the period	–	–	–	–	–	93,875	93,875	58,500
Capital contribution received from the immediate parent of the Company (note j)	–	–	8,357,013	–	–	–	8,357,013	–
Effect of Group Reorganisation (note j)	(330,000)	–	(7,389,716)	–	–	–	(7,719,716)	(1,080,284)
Conversion of conditional investment fund received into share premium (note j)	–	1,229,977	–	–	9	–	1,229,986	–
At 31 March 2018	76	1,229,977	925,478	136,786	227,622	466,329	2,986,268	115,729
For the three-month period ended 31 March 2017 (unaudited)								
At 1 January 2017	330,007	–	(8,819)	122,522	227,622	34,698	706,030	756,178
Profit and total comprehensive income for the period	–	–	–	–	–	56,000	56,000	79,098
At 31 March 2017	330,007	–	(8,819)	122,522	227,622	90,698	762,030	835,276

note a: Merger reserve represents (1) the difference in the fair value of the consideration paid or payable/received or receivable to/from its related parties under common control for the acquisition/disposal of subsidiaries/businesses controlled by E-House (China) Holdings and the share capital of the acquired/disposed subsidiaries/businesses, (2) the deemed contribution by E-House (China) Holdings of the assets and liabilities related to the Primary Business of E-House Management and Beijing EJU and (3) the deemed contribution by CRE Corp (as defined in note 1a).

As of 1 January 2015, merger reserve mainly represented (1) paid in capital of Tianjin E-House Jinyue Real Estate Brokerage Co., Ltd[#] (天津易居金岳房地產經紀有限公司) (“Tianjin Jinyue”), an entity under common control of E-House (China) Holdings, amounted to RMB103,878,000 and Shanghai Lituo Real Estate Brokerage Co., Ltd[#] (上海勵拓房地產經紀有限公司) (“Shanghai Lituo”) amounted to RMB5,000,000, and (2) deemed contribution of the assets and liabilities related to the Primary Business amounted to RMB640,423,000.

note b: In accordance with the Articles of Association of the subsidiaries established in the People's Republic of China (“PRC”), the subsidiaries are required to transfer at least 10% of their profit after tax in accordance with the relevant accounting principles and financial regulations applicable to enterprises established in the PRC before any distribution of dividends to owner each year to statutory surplus reserve until the reserve reaches 50% of their respective registered capital. The statutory surplus reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

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note c: Other reserves represent:

- (i) the difference between (1) the amount by which non-controlling interests are adjusted and (2) the fair value of the consideration received and the equity attributable to owner of the Company are adjusted when the Group disposed of partial equity interest of existing subsidiaries that the Group did not result in losing control over those subsidiaries as equity transactions;
- (ii) the deemed capital contribution from E-House (China) Holdings and Leju in relation to their share options granted to the Group's employees and directors, and pursuant to the agreements dated on 28 November 2006 and 1 December 2013, respectively, the Group was not required to repay to E-House (China) Holdings and Leju.

As of 1 January 2015, other reserves mainly represents the deemed capital contribution from E-House (China) Holdings and Leju, as a result of their share options previously issued to the Group's employees and directors, amounted to RMB175,133,000;

- (iii) the deemed distribution of assets and liabilities of the Primary Business retained by E-House Management and Beijing EJU upon completion of the Business Transfer (as detailed in note 1b).
- (iv) the difference between the consideration received and the net assets of subsidiaries disposed to entities under common control of E-House (China) Holdings; and
- (v) the conditionally issued share capital of the Company (details in note 27(c)).

note d: During the year ended 31 December 2015, Shanghai Zhuxiang Information Technology Co., Ltd.[#] (上海築想信息科技股份有限公司) ("Shanghai Zhuxiang"), a subsidiary of the Group issued registered capital of RMB27,000,000 to an independent third party, causing the Group's equity interests in Shanghai Zhuxiang decreased from 60% to 49.18%. On the same date, the Group entered into an act-in-concert agreement with another shareholder of Shanghai Zhuxiang in which the Group had obtained 9.02% of shareholders' voting rights from another shareholder of Shanghai Zhuxiang, and have obtained 58.2% voting rights of Shanghai Zhuxiang in total. As at the date of capital injection by non-controlling shareholder, Shanghai Zhuxiang changed from a net liability position of RMB23,540,000 to a net asset position of RMB3,460,000, resulting in a net increase in non-controlling interests by RMB11,174,000. Accordingly, the difference in the consideration and increase in non-controlling interests amounted to RMB15,826,000 has been credited to other reserves.

note e: During the year ended 31 December 2015, the Group acquired:

- (i) 100% equity interest of Shanghai Lituo from Shanghai Ted Lituo Internet Technology Inc.[#] (上海太德勵拓互聯網科技股份有限公司) ("TED"), a fellow subsidiary of the Group which was under common control of E-House (China) Holdings, for a consideration of RMB4,223,000. As at 1 January 2015, merger reserve included the paid in capital of Shanghai Lituo amounted to RMB5,000,000.

Prior to the Group's acquisition, Shanghai Lituo was 100% held by Shanghai Chengxiang Commercial Real Estate Broker Co., Ltd.[#] (上海城香商用房地產經紀有限公司) ("Chengxiang"), a fellow subsidiary of the Group which was under common control of E-House (China) Holdings and Chengxiang had contributed additional RMB10,000,000 to Shanghai Lituo during the year ended 31 December 2015.

The consideration of RMB4,223,000 paid net of the additional capital contribution of RMB10,000,000 received by Shanghai Lituo, totalling RMB5,777,000 had been credited to merger reserve during the year ended 31 December 2015; and

- (ii) 100% equity interest of Tianjin Jinyue from a fellow subsidiary of the Group which was under common control of E-House (China) Holdings for a consideration of RMB160,000,000. As at 1 January 2015, merger reserve included the paid in capital of Tianjin Jinyue amounted to RMB103,878,000. During the year ended 31 December 2015, the consideration of RMB160,000,000 had been debited to merger reserve. The Group paid RMB6,405,000 and RMB153,595,000 during the year ended 31 December 2015 and 2016, respectively.

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note f: Upon completion of the Business Transfer, the remaining assets and liabilities with net assets value of RMB618,755,000 were retained by E-House Management and Beijing EJU and have been accounted for as deemed distribution to the then shareholders of E-House Management and Beijing EJU. On 31 December 2015, the Group acquired the Primary Business of E-House Management and Beijing EJU with an aggregate net liabilities value at RMB71,545,000 as at that date. E-House Management and Beijing EJU will pay a consideration of RMB71,545,000 to the Group. Such amount has not yet been received as at the date of this report and included in “amounts due from related parties” in note 21(b).

note g: On 31 October 2016, PRC Holdco's immediate holding company, E-House (China) Information Technology Co., Ltd., (“CRE BVI”), had transferred its 50% equity interest of PRC Holdco in aggregate to a number of independent third parties without losing control. This transaction resulted in the recognition of 50% non-controlling interests of PRC Holdco amounting to RMB635,896,000, which RMB113,128,000 debited to share capital and RMB522,768,000 debited to retained earnings.

note h: On 22 December 2016, pursuant to an extraordinary general meeting of PRC Holdco, it was resolved and approved PRC Holdco to convert from a limited liability company into a joint stock company. Taken into account the 50% equity interest of the PRC Holdco was transferred by CRE BVI to a number of independent third parties as detailed in note (g), it resulted in an overall effect of capitalising the retained earnings and statutory surplus reserves of RMB171,434,000 and RMB45,438,000, respectively, totalling RMB216,872,000 in share capital.

note i: On 6 January 2015, PRC Holdco disposed of its 100% equity interests of Shanghai Fangjia Information Technology Co., Ltd.[#] (上海昉加信息科技有限公司) (“Shanghai Fangjia”) to Shanghai Fangjia Information Technique Co., Ltd.[#] (上海方加信息技术有限公司) (“Fangjia Technique”), a fellow subsidiary of the Group which was under common control of E-House (China) Holdings, for a consideration of RMB36,000,000 which had been credited to merger reserve.

On 30 September 2017, the Group acquired 100% equity interests of Shanghai Fangjia from Fangjia Technique with the consideration of RMB36,000,000. Taken into account the 50% equity interest of the PRC Holdco was transferred by CRE BVI to a number of independent third parties as detailed in note (g), it resulted in an overall effect of RMB33,000,000 and RMB3,000,000 debited to merger reserves and non-controlling interests, respectively.

note j: In March 2018, CRE Corp (as defined in note 1a) contributed HK\$10,300,000,000 (equivalent to RMB8,357,013,000) to the Company, credited to merger reserve, for the Group to complete the Group Reorganisation (as defined in note 1b). On 5 March 2018, Hong Kong Fangyou Software Technology Company Limited (香港房友軟件技術有限公司) (“Hong Kong Fangyou”), a wholly-owned subsidiary of the Company, acquired 50% equity interests of PRC Holdco from CRE BVI and 50% equity interests of PRC Holdco from a number of independent third parties for a total consideration of RMB8,800,000,000. This resulted in the derecognition of 50% non-controlling interests of PRC Holdco amounting to RMB1,080,284,000 and 50% share capital of PRC Holdco amounting to RMB330,000,000. The difference of consideration paid, derecognition of 50% non-controlling interests and 50% share capital of PRC Holdco amounting to RMB7,389,716,000 had been debited to merger reserve. The Group Reorganisation has then been completed on that date. The Group paid RMB6,908,000,000 during the three-month period ended 31 March 2018 and the remaining balance of RMB1,892,000,000 was paid before 19 April 2018.

On 5 March 2018, upon completion of acquisition of 100% equity interests in PRC Holdco by Hong Kong Fangyou, the conditional investment fund received previously classified as financial liabilities at FVTPL at a carrying amount of RMB1,229,986,000 on that day become unconditional and is then fully converted to equity, accordingly.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
OPERATING ACTIVITIES					
Profit before taxation	289,225	788,805	971,257	171,326	219,441
Adjustments for:					
Depreciation of property and equipment	17,392	18,242	21,862	7,772	4,883
Depreciation of investment properties	4,259	238	305	101	152
Amortisation of intangible assets	5,607	5,710	5,703	1,435	1,256
Share of result of associates	(92)	531	(148)	(158)	1,638
(Gain) loss on disposal of investment properties	(2,181)	388	(1,787)	(636)	(75)
(Gain) loss on disposal of property and equipment	(86)	47	(65)	101	(116)
Exchange difference	—	—	16,651	—	45,781
Interest income	(4,551)	(4,191)	(6,122)	(1,206)	(2,844)
Finance costs	26,448	29,756	21,650	6,642	5,551
Investment gain on money market fund	(197)	—	—	—	—
Impairment loss on financial assets measured at amortised cost	63,441	103,959	119,866	10,673	12,143
Impairment loss on investment properties	7,290	2,053	602	42	—
Changes in fair value of financial liabilities measured at FVTPL	—	—	(17,027)	—	(23,864)
Equity-settled share-based payment expenses	18,019	7,696	—	—	—
Operating cash flows before movements in working capital	424,574	953,234	1,132,747	196,092	263,946
(Increase) decrease in amounts due from related parties	(2,486)	(61,203)	29,321	59,834	(732)
(Decrease) increase in amounts due to related parties	(68,539)	78,002	(40,485)	(48,883)	18,476
Decrease (increase) in other non-current assets	204,322	(2,865)	(16,400)	(9,420)	(9,970)
(Increase) decrease in accounts receivables and bills receivables	(550,267)	(1,013,053)	(1,141,085)	193,383	125,921
Decrease (increase) in other receivables	11,549	(16,243)	(35,716)	(727)	(11,391)
Increase (decrease) in accounts payables	7,329	41,108	64,947	24,195	(55,068)
Increase in advances from customers	14,534	28,286	18,927	38,524	22,499
Increase (decrease) in accrued payroll and welfare expenses	209,443	424,818	200,094	(229,507)	(355,117)
Increase (decrease) in other payables	73,624	66,063	29,427	43,716	(35,952)
Cash generated from (used in) operations	324,083	498,147	241,777	267,207	(37,388)
Interest received	4,551	4,191	5,553	1,206	2,844
Income tax paid	(33,468)	(92,669)	(522,348)	(156,980)	(67,417)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	295,166	409,669	(275,018)	111,433	(101,961)

APPENDIX I

ACCOUNTANTS' REPORT

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
INVESTING ACTIVITIES					
Investment gain and proceeds on disposal of financial assets measured at FVTPL	7,211	—	—	—	—
Proceeds from disposal of property and equipment	2,810	852	3,228	55	1,425
Proceeds from disposal of investment properties	16,000	3,800	6,713	3,096	398
Advance to related parties	(1,402,884)	(66,980)	(2,520)	—	(12,692)
Repayments from related parties	1,089,935	225,114	40,189	—	10,929
Proceeds arising from disposal of an associate	—	—	96	96	—
Interest received	—	—	569	—	—
Purchase of and deposits placed for property and equipment	(6,468)	(27,106)	(18,462)	(7,667)	(1,341)
Purchase of intangible assets	(299)	(21)	(241)	—	—
Capital injection to associates	(1,180)	(1,600)	(5,000)	—	—
Purchase of convertible note measured at FVTPL	—	—	(20,000)	—	—
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(294,875)	134,059	4,572	(4,420)	(1,281)
FINANCING ACTIVITIES					
New bank borrowings raised	450,000	100,000	450,000	100,000	200,000
Repayments of bank borrowings	(220,000)	(160,000)	(390,000)	(10,000)	(100,000)
Advance from related parties	620,673	1,681,013	1,040,181	11,870	1,544
Repayment to related parties	(379,814)	(1,458,371)	(1,163,981)	(45,387)	(4,459)
Proceed from conditional capital injection by independent third parties recognised as financial liabilities (note 24)	—	—	1,253,850	—	—
Proceed from paid up capital of Shanghai Lituo contributed by Chengxiang	10,000	—	—	—	—
Proceeds arising from disposal of subsidiaries (note 32)	3,138	5,000	—	—	—
Capital injection by CRE Corp	—	—	—	—	8,357,013
Capital injection by non-controlling shareholders	27,000	490	—	—	—
Proceeds from disposal of a subsidiary to a related party under common control	36,000	—	—	—	—
Proceeds from issue of shares	—	—	60	—	—
Interest paid	(25,680)	(29,874)	(21,718)	(6,523)	(5,442)
Issue costs paid	—	—	—	—	(758)
Dividends paid	(600,000)	—	—	—	—
Dividends paid to a non-controlling shareholder of a subsidiary	(21,966)	(19,167)	(28,951)	—	—
Consideration paid for the acquisition of subsidiaries under common control	(10,628)	(153,595)	(36,000)	—	(6,908,000)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(111,277)	(34,504)	1,103,441	49,960	1,539,898
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS					
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	576,766	465,756	974,946	974,946	1,791,290
EFFECT OF EXCHANGE RATE CHANGE	(24)	(34)	(16,651)	3	(45,781)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD REPRESENTED BY CASH AND CASH EQUIVALENTS	465,756	974,946	1,791,290	1,131,922	3,182,165

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION, GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION**1a. General Information**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 22 February 2010. The addresses of the Company's registered office and the principal place of business are disclosed in the section "Corporate Information" in the Prospectus. Pursuant to a special resolution dated 14 December 2017, the name of the Company has been changed from Fangyou Information Technology Company Limited to E-House (China) Enterprise Holdings Limited. The Historical Financial Information is presented in RMB, which is the same as the functional currency of the Company.

The Company, through its subsidiaries, offers a wide range of services to the real estate industry, including real estate agency services in the primary market, real estate data and consulting services, and real estate brokerage network services in the PRC.

The immediate parent of the Company is China Real Estate Information Corporation ("CRE Corp"), a limited liability company incorporated in the Cayman Islands on 21 August 2008, which is held and controlled by E-House (China) Holdings, a limited liability company incorporated in the Cayman Islands on 27 August 2004, and was previously listed on the New York Stock Exchange on 8 August 2007 and subsequently delisted on 12 August 2016.

1b. Group Reorganisation and Basis of Preparation and Presentation of Historical Financial Information

The Historical Financial Information has been prepared in accordance with the accounting policies set out in note 3 which conform with IFRSs and the principles of merger accounting (details are set out below).

In preparing for the initial listing of the shares of the Company on the Stock Exchange (the "Listing"), the companies comprising the Group underwent a group reorganisation as described below ("Group Reorganisation").

The major steps of Group Reorganisation comprised the following steps:

- On 6 January 2015, PRC Holdco disposed of its 100% equity interests of Shanghai Fangjia to Fangjia Technique, a fellow subsidiary of the Group and wholly-owned subsidiary of E-House (China) Holdings. The consideration of the disposal was RMB36,000,000 and had been fully paid in 2015.
- On 17 September 2015, Shanghai E-House Xiangyue Real Estate Sales Co., Ltd.[#] (上海易居祥悅房屋銷售有限公司) ("E-House Xiangyue") acquired 100% equity interest of Shanghai Lituo from TED, a fellow subsidiary of the Group and wholly-owned subsidiary of E-House (China) Holdings. The consideration of the acquisition was RMB4,223,000 and had been fully paid in 2015. Prior to the Group's acquisition, Shanghai Lituo was 100% held by Chengxiang, a fellow subsidiary of the Group which was under common control of E-House (China) Holdings, and Chengxiang had contributed additional RMB10,000,000 to Shanghai Lituo during the year ended 31 December 2015.
- On the same date, Hebei E-House Jinyue Real Estate Broker Co., Ltd.[#] (河北易居金岳房地產經紀有限公司) ("Hebei Jinyue"), a wholly-owned subsidiary of E-House Xiangyue, acquired 100% equity interest of Tianjin Jinyue from E-House (China) Management Company Limited[#] (易居(中國)管理有限公司) (formerly known as E-House Real Estate Ltd.) ("E-House Management Holdco"), a fellow subsidiary of the Group and wholly-owned subsidiary of E-House (China) Holdings. The consideration of the acquisition was RMB160,000,000. The Group paid RMB6,405,000 and RMB153,595,000 during the year ended 31 December 2015 and 2016, respectively.
- On 31 December 2015, certain subsidiaries of the Group with E-House Management and Beijing EJU entered into a business transfer agreement, E-House Management and Beijing EJU transferred their Primary Business to certain subsidiaries of the Group and ceased to carry out any Primary Business

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thereafter ("Business Transfer"), except that E-House Management and Beijing EJU continued to act as a collection agent on behalf of the Group in respect of those incomplete primary real estate agency contracts (see note 21(b) for details). Pursuant to which the Group will assume their Primary Business, labour work force, acquired certain property and equipment and assumed the obligation in respect of the outstanding accrued payroll that are specifically identified to the Primary Business. The net liabilities being transferred to the Group amounted to RMB71,545,000. As a result, E-House Management and Beijing EJU will pay a consideration of RMB71,545,000 to the Group for this Business Transfer. The Business Transfer had been completed on 31 December 2015. The consideration receivables had not yet been received as at the date of this report and was included in amounts due from related parties of non-trade nature in note 21(b) as at 31 December 2017 and 31 March 2018. As represented by the management of the Group, the consideration receivable would be settled prior to the Listing.

- On 31 October 2016, PRC Holdco's immediate holding company, CRE BVI has transferred its 50% equity interest of PRC Holdco in aggregate to a number of independent third parties without losing control, for a total consideration of RMB4,000,000,000. This transaction diluted the Group's interest attributable to CRE BVI and therefore, resulted in the recognition of 50% non-controlling interests of PRC Holdco amounting to RMB635,896,000.
- On 30 September 2017, PRC Holdco acquired 100% equity interest of Shanghai Fangjia from Fangjia Technique, a fellow subsidiary of the Group and a wholly-owned subsidiary of E-House (China) Holdings. The consideration of the acquisition was RMB36,000,000 and had been fully paid in 2017.
- On 6 November 2017, it was resolved that (i) the Company subdivided its shares on the basis that every share of US\$1 each into 100,000 shares of US\$0.00001 each; (ii) subsequent to the share subdivision, the Company increased its total authorised share capital from US\$1,000 to US\$10,000 by the creation of an additional of 900,000,000 shares of US\$9,000 of US\$0.00001 each, each ranking pari passu with the then shares in issue in all respect and (iii) the Company issued 900,000,000 shares of US\$9,000 of US\$0.00001 each to CRE Corp. On 1 December 2017, (i) the authorised share capital of the Company was increased from US\$10,000 to US\$11,446 by the creation of an additional of 144,600,000 shares of US\$0.00001 each, each ranking pari passu with the then shares in issue in all respects and (ii) the Company conditionally issued 48,200,000 number of shares to each of Captain Valley (Cayman) Limited (a subsidiary of China Vanke Co., Ltd.), Jovial Idea Developments Limited (a subsidiary of China Evergrande Group) and Heyday Surge Limited (a nominee of Country Garden Holdings Company Limited) at US\$0.00001 per share. On 5 January 2018, Heyday Surge Limited transferred its 48,200,000 conditional shares of the Company to Country Garden (Hong Kong) Development Company Limited (a subsidiary of Country Garden Holdings Company Limited).
- In March 2018, CRE Corp contributed HK\$10,300,000,000 (equivalent to RMB8,357,013,000) to the Company as to enable the Group to have adequate funding to complete the Group Reorganisation.
- On 5 March 2018, being the completion date of Group Reorganisation, Hong Kong Fangyou, a wholly-owned subsidiary of the Company, acquired 100% equity interests of PRC Holdco for a consideration of RMB8,800,000,000. The Group paid RMB6,908,000,000 during the three-month period ended 31 March 2018 and the remaining balance of RMB1,892,000,000 was paid before 19 April 2018. As at 31 March 2018, the unpaid amount of RMB1,892,000,000 is included in "accounts and other payables" in note 24.

In respect of the Business Transfer completed on 31 December 2015, the Historical Financial Information aims to include assets, liabilities, income and expenses that are related to and specifically identified for the Primary Business of E-House Management and Beijing EJU. During the year ended 31 December 2015, apart from the Primary Business, E-House Management and Beijing EJU also have certain function or business which are not directly related to, nor form part of, the Group's principal businesses (the "Other Operation"). E-House Management and Beijing EJU had designated separate management structure in the Primary Business and Other Operation and maintained separate books and records for income and expenses of the Primary Business and Other Operation. Income tax expense of the Primary Business was calculated based on the tax rate of E-House Management and Beijing EJU as if a separate tax reporting entity. To the extent that the assets and liabilities that are specifically identified to the Primary Business of E-House Management and Beijing EJU, such items are included in the Historical Financial Information as at 1 January 2015 and 31 December 2015 and for the year then ended. To the extent that the assets and liabilities that are impracticable to identify specifically, these items are not included in the Historical Financial Information of the Group. The Group had segregated the relevant financial information of the Other Operation, to the extent possible, from the historical financial information of E-House Management and Beijing EJU for the preparation of the Historical Financial Information of the Group to be included in the Historical Financial Information.

The management of the Group believes that the allocation basis presents a reasonable basis in presenting and incorporating the results, assets and liabilities of the Primary Business of E-House Management and Beijing EJU as at 1 January 2015 and 31 December 2015 and for the year then ended in the Historical Financial Information of the Group.

The abovementioned combined entities, Primary Business carried out by E-House Management and Beijing EJU and the Company are under common control of E-House (China) Holdings before and after the Group Reorganisation. Therefore, the acquisition of the abovementioned combined entities and Primary Business are accounted for as business combination under common control by applying the principles of merger accounting.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the Track Record Period including the results, changes in equity and cash flows of the companies and the Primary Business comprising the Group, on the basis stated above, as if the Company had always been the holding company of the Group and the group structure upon completion of the Group Reorganisation had been in existence throughout the Track Record Period, or since their respective dates of establishment, incorporation or acquisition, where this is a shorter period.

The consolidated statements of financial position of the Group as at 31 December 2015, 2016 and 2017 have been prepared to present the assets and liabilities of the companies and the Primary Business comprising the Group, on the basis stated above, as if the Company had always been the holding company of the Group and the group structure upon completion of the Group Reorganisation had been in existence at those dates taking into account the respective dates of establishment, incorporation or acquisition, where applicable.

No statutory audited financial statements were issued for the Company since the Company is incorporated in a jurisdiction where there is no statutory audit requirement.

2. APPLICATION OF NEW AND REVISED IFRSs

Application of IFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has applied all International Accounting Standards ("IASs"), IFRSs and amendments that are effective for the Group's accounting periods beginning on 1 January 2018, consistently throughout the Track Record Period.

New and revised to IFRSs issued but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective.

Amendments to IAS 19	Plan Amendment, Curtailment or Settlement ²
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures ²
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015 – 2017 Cycle ²
IFRS 16	Leases ²
IFRS 17	Insurance Contracts ³
IFRIC 23	Uncertainty over Income Tax Treatments ²

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2019.

³ Effective for annual periods beginning on or after 1 January 2021.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 "Leases" and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of IFRS 16, lease payments in relation to lease liability will be allocated into a principle and an interest portion which will be presented as financing cash flows, respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 March 2018, the Group has non-cancellable operating lease commitments of RMB153,479,000 as disclosed in note 33. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence upon application of IFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of RMB18,064,000 as rights under leases to which IAS 17 applies. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The management of the Group assessed that, if IFRS 16 had been initially adopted on 31 March 2018, such changes would increase the consolidated assets and consolidated liabilities of the Group, but would not result in a significant change to the consolidated net asset value of the Group as at 31 March 2018.

Except as described above, the management of the Group anticipates that the application of other new and revised IFRSs will have no material impact on the Group's financial position and financial performance in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with accounting policies which conform with IFRSs issued by the IASB. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis, except for financial assets at FVTPL that are measured at fair value, at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 "*Share-based Payment*" leasing transactions that are within the scope of IAS 17 "*Leases*", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "*Inventories*" or value in use in IAS 36 "*Impairment of Assets*".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below:

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders and other parties; and
- Rights arising from other contractual arrangements.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs).

Merger accounting for business combination involving entities under common control

The Historical Financial Information incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The Historical Financial Information are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Investment in a subsidiary

Investment in a subsidiary is stated in the statement of financial position of the Company at cost less any identified impairment loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") (or groups of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal (or any of the CGU within group of CGUs in which the Group monitors goodwill).

The Group's policy for goodwill arising on the acquisition of an associate is described below.

Interests in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associates other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which

includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "*Impairment of Assets*" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's Historical Financial Information only to the extent of interests in the associate that are not related to the Group.

Revenue recognition

Revenue is recognised to depict the transfer of promised services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying the particular performance obligation is transferred to customers.

Control of the services may be transferred over time or at a point in time. Control of the services is transferred over time if:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the services.

Revenue from real estate agency services in the primary market is recognised at a point in time when the service is rendered and (a) the property buyer has executed the sales and purchase agreement and made the required down-payment or (b) the sales and purchase agreement has been registered with the relevant government authorities according to the terms and conditions stated in different agency contracts, since only by that time the Group has a present right to payment from the property developers for the services performed. The Group's commission rate receivable is variable based on a pre-agreed sales target. Prior to the Group's sales met the agreed sales target, the Group will recognise revenue based on a lower commission rate. Until when the sales target is met, the Group will recognise the incremental revenue, representing the variable considerations, at the higher commission rate on the performance obligations satisfied in previous periods.

Revenue from real estate consultancy services is recognised at a point in time when the service is rendered and the customer (i.e. the property developers) has received and endorsed the consultancy report, since only by that time the Group has a present right to payment for the services performed.

Revenue from real estate data services is recognised over time (i.e. the subscription period) because the customer (i.e. the property developers) simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Revenue from real estate brokerage network services is recognised at a point in time when the legal title of real estate property is transferred, since only by that time the Group has a present right to payment from the small to medium-sized secondary real estate brokerage stores for the services performed.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and building

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

To the extent the allocation of the relevant payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is under finance lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Retirement benefits costs

Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

Equity-settled share-based payment transactions*Share options/restricted shares granted to employees*

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments in respect of share options/restricted shares determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (other reserves). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to other reserves.

For share options/restricted shares of E-House (China) Holdings and Leju, a fellow subsidiary of the Company, granted to employees of the Group, the Group recognises services rendered and deemed capital contribution by reference to the fair value of share options/restricted shares granted at the grant date. When share options are exercised or certified or when the restricted shares are vested, the amount previously recognised in other reserves will continue to be held in other reserves.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from "profit before taxation" as reported in the consolidated statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investment in a subsidiary and interests in associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investment and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

Property and equipment

Property and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and impairment losses, if any. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses, if any. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Research expenditure

Expenditure on research activities is recognised as an expense in the year/period in which it is incurred.

Impairment on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including ECL, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "other income" line item.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("FVTOCI") are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. Fair value is determined in the manner described in note 22.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other gains and losses" line item.

Impairment of financial assets

The Group always recognises lifetime ECL for accounts receivables. The ECL on accounts receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL ("12m ECL"). The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations, namely real estate agency services in the primary market, real estate data and consulting services and real estate brokerage network services.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

For the date that the Group becomes a party to the financial guarantee contracts is considered to be the date of initial recognition for the purposes of assessing the financial guarantee contract for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for

financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's accounts receivables, bills receivables, amounts due from related parties of trade nature (except for related parties under common control of E-House (China) Holdings) and other receivables are each assessed as a separate group.);
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals for accounts receivables; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

For financial liabilities measured as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not (1) contingent consideration of an acquirer in a business combination, (2) held-for-trading, or (3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other gains and losses" line item in profit or loss in note 8 for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and further periods.

Critical judgements in applying accounting policies

The following is the critical judgements, apart from those involving estimations (see below), that the management of the Group has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

Judgements in determining the performance obligations and timing of satisfaction of performance obligations

Note 3 describes the revenue recognition basis to each of the Group's revenue stream. The recognition of each of the Group's revenue stream requires judgement by the management of the Group in determining the timing of satisfaction of performance obligations.

In making their judgement, the directors of the Company consider the detailed criteria for recognition of revenue set out in IFRS 15 and in particular, whether the Group has satisfied all the performance obligations over time or at a point in time with reference to the details terms of transaction as stipulated in the contracts entered into with its customers and counterparties.

For the real estate agency services in the primary market, although such services includes certain promotional and marketing activities (including formulating and executing marketing and sales strategies) to facilitate the sales transaction of first-hand property units for the property developers, the respective service fee was either included in the pre-determined commission rate of the transaction price of each property unit sold or the respective cost of services was repayable to the Group on reimbursement basis. Therefore, the management of the Group assessed that the promotional and marketing services were not distinct and account for all the services performed as a single performance obligation. In addition, the management of the Group has assessed that the Group has a present right to payment from property developers for the service performed and (a) when the property buyer has executed the sales and purchase agreement and made the required down-payment or (b) the sales and purchase agreement has been registered with the relevant government authorities according to the terms and conditions of different agency contracts. Therefore, the management of the Group has satisfied that the performance obligation in respect of the real estate agency services in the primary market income is satisfied at a point in time. In addition, few property developer customers may settle a minor portion of the amounts due for a period of more than 1 year. However, the management of the Group has considered that the amount of consideration, the cash price of the property agency services and the prevailing interest rate in the property market in the PRC, and have satisfied that the financing component is not significant at contract level.

For the real estate consultancy services, the management of the Group has assessed that the Group has a present right to payment from property developers for the services performed upon the time when the customer have received and endorsed the consultancy report. Therefore, the management of the Group has satisfied that there was only a single performance obligation, and the respective real estate consultancy services income is satisfied at a point in time.

For the real estate data services, the management of the Group has assessed that the customers (i.e. the property developers) simultaneously receive and consume benefit provided by the Group's performance as the Group performs. The Group is required to provide necessary services to the customers over the subscription period. Therefore, the management of the Group have satisfied that the performance obligation in respect of the fee-based subscription income is satisfied over time and have recognised such income on a straight-line basis over the subscription period.

For the real estate brokerage network services, the management of the Group has assessed that the Group has a present right to payment from the small and medium-sized secondary real estate brokerage stores for the services performed upon the time when the legal title of the secondary real estate property is transferred. Therefore, the directors of the Company have satisfied that there was only a single performance obligation, and the respective of the secondary real estate brokerage services income is satisfied at a point in time.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Estimated loss allowance of debt instruments measured at amortised cost

Management estimates the amount of loss allowance for ECL on debt instruments (including accounts receivables, bills receivables, amounts due from related parties, other receivables, other non-current assets and cash and cash equivalents) that are measured at amortised cost based on the credit risk of the respective financial instrument. The loss allowance amount is measured as the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss of the respective financial instrument. The assessment of the credit risk of the respective financial instrument involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly. In addition, with reference to the historical settlement patterns from these related parties under common control of E-House (China) Holdings, the management estimates the expected credit loss for amounts due from related parties which were under common control of E-House (China) Holdings is insignificant.

As at 31 December 2015, 2016 and 2017 and 31 March 2018, the carrying amount of debt instruments measured at amortised cost amounted to RMB2,440,141,000 (net of loss allowance of RMB257,328,000), RMB3,817,081,000 (net of loss allowance of RMB361,237,000), RMB5,695,273,000 (net of loss allowance of RMB480,851,000) and RMB6,905,957,000 (net of loss allowance of RMB492,994,000), respectively.

Useful lives and estimated impairment on property and equipment

The Group determines the estimated useful lives and related depreciation charges for its property and equipment. These estimates are based on the historical experience of the actual useful lives of plant and equipment of similar nature and functions. The Group will increase the depreciation charge where useful lives are less than previously estimated lives.

As at 31 December 2015, 2016 and 2017 and 31 March 2018, the carrying amount of property and equipment amounted to RMB55,802,000, RMB65,148,000, RMB62,249,000 and RMB57,541,000, respectively.

Recognition of deferred tax assets

The realisation of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are higher or less than expected, the deferred tax assets will be adjusted, accordingly and recognised the corresponding amount in the consolidated statements of profit or loss and other comprehensive income in the periods in which such a situation takes place.

As at 31 December 2015, 2016 and 2017 and 31 March 2018, the carrying amount of deferred tax assets was RMB208,255,000, RMB350,179,000, RMB504,234,000 and RMB470,842,000, respectively.

5. REVENUE

The Group derives its revenue from (1) real estate agency services in the primary market at a point in time, (2) real estate data and consulting services at a point in time or over time, and (3) real estate brokerage network services at a point in time during the Track Record Period. This is consistent with the revenue information that is disclosed for each operating and reportable segment under IFRS 8:

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Real estate agency services in the primary market, recognised at a point in time	2,336,540	3,568,575	3,926,722	654,706	734,757
Real estate data and consulting services					
– consulting services recognised at a point in time	278,993	282,773	496,984	155,502	137,224
– data services recognised over time (note).	100,913	113,624	132,438	30,256	30,409
	379,906	396,397	629,422	185,758	167,633
Real estate brokerage network services, recognised at a point in time	–	31,157	77,216	14,330	27,812
	2,716,446	3,996,129	4,633,360	854,794	930,202

note: The Group receives fee-based subscription fee income in relation to its proprietary CRIC systems, which are a series of proprietary real estate database and analysis system developed by the Group, for a fixed amount upon entering into the subscription contract, normally for a one year subscription period contract. The transaction price allocated to performance obligations in relation to the fee-based subscription fee income that were unsatisfied was amounted to RMB20,683,000, RMB23,485,000, RMB33,113,000 and RMB29,367,000 as at 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2018, respectively, representing the contract liabilities included in “accounts and other payables” in note 24.

Respective transaction price allocated to the unsatisfied contracts, representing the contract liabilities, as at 31 December 2015 and 2016 in the corresponding amount of RMB20,683,000 and RMB23,485,000 had been recognised as revenue on a straight-line basis over the subscription period for the years ended 31 December 2016 and 2017, respectively. As at 31 December 2017, the contract liabilities arising from the transaction price allocated to the unsatisfied contracts amounted to RMB33,113,000 of which RMB7,487,000 has been recognised as revenue on a straight-line basis over the subscription period for the three-month period ended 31 March 2018. The management expects the remaining balance of RMB25,626,000 of the contract liabilities as at 31 December 2017 will be recognised as revenue during the year ending 31 December 2018. As at 31 March 2018, the contract liabilities arising from the respective transaction price allocated to the unsatisfied contracts amounted to RMB29,367,000 will be recognised in full as revenue in the coming twelve months period.

During each of three years ended 31 December 2017 and the three-month period ended 31 March 2017 and 2018, the Group recognised the variable considerations in the reporting period from performance obligation satisfied in previous period, amounted to RMB95,483,000, RMB84,174,000, RMB141,385,000, RMB36,881,000 (unaudited) and RMB38,323,000, respectively.

6. SEGMENT INFORMATION

The Group's operating segments are determined based on information reported to Chief Executive Officer, being the chief operating decision maker ("CODM") of the Group for the purposes of resource allocation and assessment of segment performance focuses on types of services provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

The CODM considers the Group has three operating and reportable segments which are based on the internal organisation and reporting structure. This is the basis upon which the Group is organised.

The Group's operating and reportable segments are as follow:

- (i) Real estate agency services in the primary market

The Group provides real estate agency services that primarily include formulating and executing marketing and sales strategies for real estate projects developed by real estate developers, promoting the projects to prospective purchasers, and facilitating sales transactions.

- (ii) Real estate data and consulting services

The Group mainly provides the following services:

- providing customers with a wide range of data services, leveraging the powerful CRIC systems;
- offering real estate rating and ranking services; and
- providing real estate consulting services that are tailored to meet the needs of developer clients throughout the design, development and sales stages and address specific issues encountered by them.

- (iii) Real estate brokerage network services

The Group provides real estate brokerage network services of integrating small and medium-sized secondary real estate brokerage stores in China, and empowering them with rich resources in their business operations.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment:

For the year ended 31 December 2015

	Real estate agency services in the primary market	Real estate data and consulting services	Real estate brokerage network services	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
REVENUE					
External sales	2,336,540	379,906	–	–	2,716,446
Inter-segment sales	–	53,171	–	(53,171)	–
Total	2,336,540	433,077	–	(53,171)	2,716,446
SEGMENT PROFIT (LOSS)	358,697	(47,756)	–	–	310,941
Unallocated expenses					(86)
Unallocated net exchange loss					(22)
Share of result of associates					92
Interest income					4,551
Investment gain on money market fund					197
Finance costs					(26,448)
Profit before taxation					289,225

For the year ended 31 December 2016

	Real estate agency services in the primary market	Real estate data and consulting services	Real estate brokerage network services	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
REVENUE					
External sales	3,568,575	396,397	31,157	–	3,996,129
Inter-segment sales	–	52,161	3,532	(55,693)	–
Total	3,568,575	448,558	34,689	(55,693)	3,996,129
SEGMENT PROFIT (LOSS) . . .	885,852	54,251	(125,076)	–	815,027
Unallocated expenses					(92)
Unallocated net exchange loss . .					(34)
Share of result of associates . . .					(531)
Interest income					4,191
Finance costs					(29,756)
Profit before taxation					788,805

For the year ended 31 December 2017

	Real estate agency services in the primary market	Real estate data and consulting services	Real estate brokerage network services	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
REVENUE					
External sales	3,926,722	629,422	77,216	–	4,633,360
Inter-segment sales	776	4,601	2,659	(8,036)	–
Total	3,927,498	634,023	79,875	(8,036)	4,633,360
SEGMENT PROFIT (LOSS) . . .	950,424	159,327	(125,101)	–	984,650
Unallocated expenses					(123)
Unallocated net exchange loss . .					(14,917)
Fair value gain on financial liabilities at FVTPL					17,027
Share of result of associates . . .					148
Interest income					6,122
Finance costs					(21,650)
Profit before taxation					971,257

For the three-month period ended 31 March 2017 (unaudited)

	Real estate agency services in the primary market	Real estate data and consulting services	Real estate brokerage network services	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
REVENUE					
External sales	654,706	185,758	14,330	–	854,794
Inter-segment sales	–	654	–	(654)	–
Total	654,706	186,412	14,330	(654)	854,794
SEGMENT PROFIT (LOSS) . . .	135,483	68,256	(27,114)	–	176,625
Unallocated expenses					(24)
Unallocated net exchange gain . .					3
Share of result of associates . . .					158
Interest income					1,206
Finance costs					(6,642)
Profit before taxation					171,326

For the three-month period ended 31 March 2018

	Real estate agency services in the primary market	Real estate data and consulting services	Real estate brokerage network services	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
REVENUE					
External sales	734,757	167,633	27,812	–	930,202
Inter-segment sales	90	419	1,802	(2,311)	–
Total	734,847	168,052	29,614	(2,311)	930,202
SEGMENT PROFIT (LOSS) . . .	240,479	57,048	(34,197)	–	263,330
Unallocated expenses					(222)
Listing expenses					(17,406)
Unallocated net exchange loss . .					(45,780)
Fair value gain on financial liabilities at FVTPL					23,864
Share of result of associates . . .					(1,638)
Interest income					2,844
Finance costs					(5,551)
Profit before taxation					219,441

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit earned or loss incurred by each segment without allocation of unallocated expenses, unallocated net exchange gain (loss), fair value gain on financial liabilities at FVTPL, share of result of associates, interest income and finance costs. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

No segment assets and liabilities information is provided as no such information is regularly provided to the CODM of the Group on making decision for resources allocation and performance assessment.

Other segment information*For the year ended 31 December 2015*

	Real estate agency services in the primary market	Real estate data and consulting services	Real estate brokerage network services	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation and amortisation . .	12,794	14,425	–	39	27,258
Loss allowance on financial assets measured at amortised cost	34,945	28,496	–	–	63,441
(Gain) loss on disposal of property and equipment	(400)	314	–	–	(86)
Gain on disposal of investment properties	(2,181)	–	–	–	(2,181)
Impairment loss of investment properties	7,290	–	–	–	7,290
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

For the year ended 31 December 2016

	Real estate agency services in the primary market	Real estate data and consulting services	Real estate brokerage network services	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation and amortisation . .	6,718	13,784	3,644	44	24,190
Loss allowance on financial assets measured at amortised cost	92,150	11,305	504	–	103,959
(Gain) loss on disposal of property and equipment	(39)	86	–	–	47
Loss on disposal of investment properties	388	–	–	–	388
Impairment loss of investment properties	2,053	–	–	–	2,053
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

For the year ended 31 December 2017

	Real estate agency services in the primary market	Real estate data and consulting services	Real estate brokerage network services	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation and amortisation . . .	8,021	17,890	1,877	82	27,870
Loss allowance on financial assets measured at amortised cost	115,766	4,053	47	–	119,866
Loss (gain) on disposal of property and equipment.	102	(167)	–	–	(65)
Gain on disposal of investment properties	(1,787)	–	–	–	(1,787)
Impairment loss of investment properties	602	–	–	–	602
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Amounts included in the measure of segment profit or loss:

For the three-month period ended 31 March 2017 (unaudited)

	Real estate agency services in the primary market	Real estate data and consulting services	Real estate brokerage network services	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Depreciation and amortisation . . .	2,526	6,174	589	19	9,308
Loss allowance on financial assets measured at amortised cost	9,612	1,289	(228)	–	10,673
Loss on disposal of property and equipment	51	50	–	–	101
Gain on disposal of investment properties	(636)	–	–	–	(636)
Impairment loss of investment properties	42	–	–	–	42
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Amounts included in the measure of segment profit or loss:

For the three-month period ended 31 March 2018

	Real estate agency services in the primary market	Real estate data and consulting services	Real estate brokerage network services	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation and amortisation . . .	2,092	3,033	1,142	24	6,291
Loss allowance on financial assets measured at amortised cost	10,545	1,242	356	–	12,143
(Gain) loss on disposal of property and equipment.	(224)	101	7	–	(116)
Gain on disposal of investment properties	(75)	–	–	–	(75)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Amounts included in the measure of segment profit or loss:

Geographical information

As all of the Group's revenue is derived from customers located in the PRC and all of the Group's identifiable non-current assets are principally located in the PRC, no geographical segment information is presented.

Information about major customers

Revenue from customer of the corresponding years/periods contributing over 10% of the total sales of the Group are as follows:

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Customer A (note)	605,769	1,074,191	1,626,497	293,059	314,455

Note: Revenue over the Track Record Period included such generated from real estate agency services in the primary market, and real estate data and consulting services. Upon completion of Group Reorganisation on 5 March 2018, the property developer customer become a related party to the Group.

7. OTHER INCOME

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest income	4,551	4,191	6,122	1,206	2,844
Government grants (note)	17,031	34,061	31,218	272	14,649
Investment gain on money market fund	197	–	–	–	–
Others	440	1,018	916	134	93
	22,219	39,270	38,256	1,612	17,586

Note: The amount represents government grants received from various PRC government authorities in connection with the enterprise development support and fiscal subsidy during the Track Record Period, which had no conditions imposed by the respective PRC government authorities.

8A. LOSS ALLOWANCE ON FINANCIAL ASSETS MEASURED AT AMORTISED COST

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
(Provision) reversal for loss allowance on:					
Accounts receivables . . .	(88,417)	(99,202)	(104,626)	(17,504)	4,605
Bills receivables	(1,404)	(2,075)	(7,225)	4,433	(12,069)
Amounts due from related parties of trade nature (except for related parties under common control of E-House (China) Holdings)	1,525	(2,753)	(4,475)	1,211	(4,994)
Other receivables and other non-current assets	24,855	71	(3,540)	1,187	315
	(63,441)	(103,959)	(119,866)	(10,673)	(12,143)

8B. OTHER GAINS AND LOSSES

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Impairment loss of investment properties . .	(7,290)	(2,053)	(602)	(42)	–
Gain (loss) on disposal of investment properties . .	2,181	(388)	1,787	636	75
Gain (loss) on disposal of property and equipment .	86	(47)	65	(101)	116
Net exchange gain (loss) .	591	(31)	(14,922)	3	(45,781)
Fair value gain on financial liabilities at FVTPL	–	–	17,027	–	23,864
	(4,432)	(2,519)	3,355	496	(21,726)

9. FINANCE COSTS

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest on bank borrowings	26,448	29,756	21,650	6,642	5,551

10. INCOME TAX EXPENSE

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
PRC Enterprise Income Tax ("EIT")					
Current tax	139,069	361,268	364,386	65,798	33,711
Overprovision in prior years	(719)	(2,561)	(4,233)	—	—
	138,350	358,707	360,153	65,798	33,711
Deferred tax (credit) expenses (note 26)	(26,279)	(142,071)	(154,202)	(29,570)	33,355
	112,071	216,636	205,951	36,228	67,066

Hong Kong

No provision for Hong Kong Profits Tax was made in the Historical Financial Information as the Group had no assessable profit subject to Hong Kong Profits Tax during the Track Record Period.

PRC

Save as those PRC subsidiaries disclosed below, pursuant to the EIT Law and Implementation Regulations of the Law of the PRC (the "EIT Law"), the statutory tax rate of all other PRC subsidiaries is 25% during the Track Record Period.

PRC Holdco was qualified as High Technology Enterprise and was approved to enjoy a preferential tax rate of 15% for a period of two years from 2015 to 2016 in accordance with the EIT Law and relevant regulations. For the year ended 31 December 2017, PRC Holdco had not been granted as High Technology Enterprise after the year ended 31 December 2016. Hence, the applicable tax rate of which was 25% for the year ended 31 December 2017 and for the three-month period ended 31 March 2018.

Beijing CREA Technology Services Ltd.[#] (北京中房研協技術服務有限公司) ("Zhongfangyanxie"), a PRC subsidiary of the Group, was qualified as High Technology Enterprise and was approved to enjoy a preferential tax rate of 15% for a period of three years from 2015 to 2017 in accordance with the EIT Law and relevant regulations. Zhongfangyanxie is in the progress of applying High Technology Enterprise for the year ending 31 December 2018. As at the date of this report, the relevant application is still in the progress.

Shanghai Zhuxiang Information Technology Co., Ltd.[#] (上海築想信息科技股份有限公司) ("Shanghai Zhuxiang"), a PRC subsidiary of the Group, was qualified as High Technology Enterprise and was approved to enjoy preferential tax policy of a period of five years from 2015 to 2019 in accordance with EIT Law and relevant regulations, to be exempted from income tax for its first two years, followed by a 50% reduction in income tax, to a rate of 12.5%, for the subsequent three years. Hence, the applicable tax rate of Shanghai Zhuxiang was 0% for the years ended 31 December 2015 and 2016, while it was 12.5% for the year ended 31 December 2017 and the three-month period ended 31 March 2018.

[#] English name is for identification purpose only

Pursuant to the relevant regulations applicable to enterprises situated in the western regions of the PRC, Chongqing E-House Investment Consultancy Co., Ltd[#] (重慶易居投資顧問有限公司), a wholly-owned PRC subsidiary of the Group, enjoys a preferential tax rate of 15% for a period of six years and three months from 1 October 2014 to 31 December 2020. Certain subsidiaries of the Group also situated in the western regions of the PRC which are approved by the relevant regulations to enjoy a preferential tax rate of 15% in the year ended 31 December 2016 and 31 December 2017 and the three-month period ended 31 March 2018. In 2015, as these subsidiaries did not apply for the preferential tax rate for the western regions of the PRC, the applicable tax rate of these subsidiaries for the year ended 31 December 2015 was 25%.

The income tax expenses over the Track Record Period can be reconciled to profit before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)				
Profit before taxation	289,225	788,805	971,257	171,326	219,441
Tax at the applicable tax rate of 25%	72,306	197,201	242,814	42,832	54,860
Tax effect at share of result of associates	(23)	133	(37)	(39)	409
Tax effect of expenses not deductible for tax purposes . .	9,205	8,497	12,133	1,594	16,645
Tax effect of income not taxable for tax purpose	–	–	(4,257)	–	(5,966)
Overprovision in respect of prior years	(719)	(2,561)	(4,233)	–	–
Tax effect of tax losses not recognised	25,465	27,053	10,684	6,245	4,327
Utilisation of tax losses previously not recognised . . .	(2,774)	–	(2,037)	(11)	(62)
Tax effect of deductible temporary differences not recognised	5,999	1,549	967	481	16
Utilisation of deductible temporary differences previously not recognised . . .	(874)	(1,559)	(1,598)	(1,059)	(884)
Tax effect of tax concession granted	(2,483)	(13,677)	(37,580)	(2,910)	(2,279)
Increase in opening deferred tax assets resulting from an increase in applicable tax rate	–	–	(10,905)	(10,905)	–
Tax effect of different tax rate applied to deferred tax and current tax	5,969	–	–	–	–
Income tax expenses	112,071	216,636	205,951	36,228	67,066

[#] English name is for identification purpose only

11. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD

Profit for the year/period over the Track Record Period has been arrived at after charging:

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Directors' remuneration:					
– Fees	–	–	–	–	–
– Salaries, bonus and other allowances	2,724	4,644	7,720	441	1,450
– Retirement benefit scheme contributions	165	168	147	42	44
– Equity-settled share-based payment expenses	2,681	1,606	–	–	–
	5,570	6,418	7,867	483	1,494
Other staff costs:					
– Salaries, bonus and other allowances	1,484,673	2,131,815	2,304,116	432,601	420,908
– Retirement benefit scheme contributions	231,133	257,600	311,349	67,504	80,986
– Equity-settled share-based payment expenses	15,338	6,090	–	–	–
	1,731,144	2,395,505	2,615,465	500,105	501,894
Total staff costs	1,736,714	2,401,923	2,623,332	500,588	503,388
Depreciation of property and equipment	17,392	18,242	21,862	7,772	4,883
Depreciation of investment properties	4,259	238	305	101	152
Amortisation of intangible assets	5,607	5,710	5,703	1,435	1,256
Total depreciation and amortisation	27,258	24,190	27,870	9,308	6,291
Auditor's remuneration	7,575	5,004	5,994	2,879	2,173
Research and development costs recognised as an expense included in:					
– Staff costs	27,424	34,808	37,900	7,919	11,631
– Depreciation and amortisation expenses	2,231	505	1,507	327	423
– Other operating costs	4,498	483	1,221	390	669
	34,153	35,796	40,628	8,636	12,723
Minimum operating lease rental expense in respect of rented premises	86,837	94,133	105,571	25,248	26,613

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES EMOLUMENTS

Details of the emoluments paid or payable by the entities comprising the Group to the directors and chief executive of the Company (including emoluments for services as employee/directors of the group entities prior to their becoming directors of the Company) for their services during the Track Record Period are as follows:

	Date of appointment as a director of the Company	Fee	Salaries, bonus and other allowances	Retirement benefit scheme contributions	Equity-settled share-based payment expenses	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended						
31 December 2015						
Executive directors:						
Zhou Xin	22 February 2010	–	–	–	–	–
Huang Canhao	9 November 2017	–	1,944	82	–	2,026
Cheng Lilan	16 March 2018	–	–	–	–	–
Ding Zuyu	16 March 2018	–	780	83	2,681	3,544
Xia Hai Jun	16 March 2018	–	–	–	–	–
Mo Bin	16 March 2018	–	–	–	–	–
Zhu Jiusheng	16 March 2018	–	–	–	–	–
Total		–	2,724	165	2,681	5,570

	Date of appointment as a director of the Company	Fee	Salaries, bonus and other allowances	Retirement benefit scheme contributions	Equity-settled share-based payment expenses	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended						
31 December 2016						
Executive directors:						
Zhou Xin	22 February 2010	–	–	–	–	–
Huang Canhao	9 November 2017	–	2,904	85	–	2,989
Cheng Lilan	16 March 2018	–	–	–	–	–
Ding Zuyu	16 March 2018	–	1,740	83	1,606	3,429
Xia Hai Jun	16 March 2018	–	–	–	–	–
Mo Bin	16 March 2018	–	–	–	–	–
Zhu Jiusheng	16 March 2018	–	–	–	–	–
Total		–	4,644	168	1,606	6,418

	Date of appointment as a director of the Company	Fee	Salaries, bonus and other allowances	Retirement benefit scheme contributions	Equity-settled share-based payment expenses	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended						
31 December 2017						
Executive directors:						
Zhou Xin	22 February 2010	–	–	–	–	–
Huang Canhao	9 November 2017	–	4,160	58	–	4,218
Cheng Lilan	16 March 2018	–	–	–	–	–
Ding Zuyu	16 March 2018	–	3,560	89	–	3,649
Xia Hai Jun	16 March 2018	–	–	–	–	–
Mo Bin	16 March 2018	–	–	–	–	–
Zhu Jiusheng	16 March 2018	–	–	–	–	–
Total		–	7,720	147	–	7,867

	Date of appointment as a director of the Company	Fee	Salaries, bonus and other allowances	Retirement benefit scheme contributions	Equity-settled share-based payment expenses	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)

**For the three-month
period ended
31 March 2017
(unaudited)**

Executive directors:						
Zhou Xin	22 February 2010	–	–	–	–	–
Huang Canhao	9 November 2017	–	246	21	–	267
Cheng Lilan	16 March 2018	–	–	–	–	–
Ding Zuyu	16 March 2018	–	195	21	–	216
Xia Hai Jun	16 March 2018	–	–	–	–	–
Mo Bin	16 March 2018	–	–	–	–	–
Zhu Jiusheng	16 March 2018	–	–	–	–	–
Total		–	441	42	–	483

	Date of appointment as a director of the Company	Fee	Salaries, bonus and other allowances	Retirement benefit scheme contributions	Equity-settled share-based payment expenses	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000

**For the three-month
period ended
31 March 2018**

Executive directors:						
Zhou Xin	22 February 2010	–	–	–	–	–
Huang Canhao	9 November 2017	–	800	22	–	822
Cheng Lilan	16 March 2018	–	–	–	–	–
Ding Zuyu	16 March 2018	–	650	22	–	672
Xia Hai Jun	16 March 2018	–	–	–	–	–
Mo Bin	16 March 2018	–	–	–	–	–
Zhu Jiusheng	16 March 2018	–	–	–	–	–
Total		–	1,450	44	–	1,494

Note: Ding Zuyu is also the chief executive of the Company and his emoluments disclosed above included those for services rendered by him as the chief executive.

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group during the Track Record Period.

The five highest paid individuals of the Group include 2, 2, 2, 1 (unaudited) and 2 directors of the Company for each of the three years ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively. The emoluments of the remaining 3, 3, 3, 4 (unaudited) and 3 for each of the three years ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively, are as follows:

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries, bonus and other allowances	5,580	7,986	7,980	930	1,350
Retirement benefit scheme contributions	246	255	267	84	66
Equity-settled share-based payment expenses	3,950	1,476	—	—	—
	<u>9,776</u>	<u>9,717</u>	<u>8,247</u>	<u>1,014</u>	<u>1,416</u>

The emoluments of the five highest paid individuals were within the following bands:

	Number of employees			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
				(unaudited)	
HK\$0 (equivalent to RMB0 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively) to HK\$1,000,000 (equivalent to RMB813,000, RMB838,000, RMB860,000, RMB888,000 and RMB814,000 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively).	—	—	—	5	4
HK\$1,000,001 (equivalent to RMB813,001, RMB838,001, RMB860,001, RMB888,001 and RMB814,001 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively) to HK\$1,500,000 (equivalent to RMB1,220,000, RMB1,256,000, RMB1,290,000, RMB1,332,000 and RMB1,221,000 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively)	—	—	—	—	1

	Number of employees				
	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017 (unaudited)	2018
HK\$1,500,001 (equivalent to RMB1,220,001, RMB1,256,001, RMB1,290,001, RMB1,332,001 and RMB1,221,001 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively) to HK\$2,000,000 (equivalent to RMB1,626,000, RMB1,675,000, RMB1,720,000, RMB1,776,000 and RMB1,628,000 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively).	—	—	—	—	—
HK\$2,000,001 (equivalent to RMB1,626,001, RMB1,675,001, RMB1,720,001, RMB1,776,001 and RMB1,628,001 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively) to HK\$2,500,000 (equivalent to RMB2,033,000, RMB2,094,000, RMB2,150,000, RMB2,220,000 and RMB2,035,000 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively).	1	—	1	—	—
HK\$2,500,001 (equivalent to RMB2,033,001, RMB2,094,001, RMB2,150,001, RMB2,220,001 and RMB2,035,001 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively) to HK\$3,000,000 (equivalent to RMB2,439,000, RMB2,513,000, RMB2,580,000, RMB2,664,000 and RMB2,442,000 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively).	—	1	—	—	—
HK\$3,000,001 (equivalent to RMB2,439,001, RMB2,513,001, RMB2,580,001, RMB2,664,001 and RMB2,442,001 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively) to HK\$3,500,000 (equivalent to RMB2,846,000, RMB2,931,000, RMB3,010,000, RMB3,108,000 and RMB2,849,000 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively).	1	—	—	—	—

	Number of employees				
	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017 (unaudited)	2018
HK\$3,500,001 (equivalent to RMB2,846,001, RMB2,931,001, RMB3,010,001, RMB3,108,001 and RMB2,849,001 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively) to HK\$4,000,000 (equivalent to RMB3,252,000, RMB3,350,000, RMB3,440,000, RMB3,552,000 and RMB3,256,000 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively).	–	1	2	–	–
HK\$4,000,001 (equivalent to RMB3,252,001, RMB3,350,001, RMB3,440,001, RMB3,552,001 and RMB3,256,001 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively) to HK\$4,500,000 (equivalent to RMB3,659,000, RMB3,769,000, RMB3,870,000, RMB3,996,000 and RMB3,663,000 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively).	3	2	1	–	–
HK\$4,500,001 (equivalent to RMB3,659,001, RMB3,769,001, RMB3,870,001, RMB3,996,001 and RMB3,663,001 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively) to HK\$5,000,000 (equivalent to RMB4,066,000, RMB4,188,000, RMB4,300,000, RMB4,441,000 and RMB4,070,000 for the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively).	–	1	1	–	–

During the Track Record Period, no emoluments were paid by the Group to the management of the Group or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. None of the management of the Group and five highest paid individuals of the Group has waived any emoluments during the Track Record Period.

13. DIVIDENDS

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
The Company.	—	—	—	—	—
PRC Holdco	600,000	—	—	—	—
	600,000	—	—	—	—
	<u>600,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

The rate of dividend and number of shares ranking for dividend are not presented as such information is not meaningful having regards to the purpose of this report. No dividend has been proposed by the Company and PRC Holdco subsequent to 31 March 2018.

14. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Earnings:					
Profit for the year/period attributable to owners of the Company for the purpose of basic earnings per share. . .	165,209	486,969	352,020	56,000	93,875
Effect of dilutive potential ordinary shares:					
Fair value gain on financial liabilities at FVTPL	—	—	—	—	(23,864)
Profit for the year attributable to owners of the Company for the purpose of diluted earnings per share. . .	<u>165,209</u>	<u>486,969</u>	<u>352,020</u>	<u>56,000</u>	<u>70,011</u>

	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
	'000	'000	'000	'000	'000
Number of shares:					
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,000,000	915,301	500,000	500,000	693,380
Effect of dilutive potential ordinary shares:					
Contingently issuable shares arising from the conditional investment fund received	—	—	—	—	101,220
Weighted average number of ordinary share for the purpose of diluted earnings per share	1,000,000	915,301	500,000	500,000	794,600

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Group Reorganisation had been effective on 1 January 2015.

No diluted earnings per share for the year ended 31 December 2015 and 2016 and for the three-month period ended 31 March 2017 was presented as there were no potential ordinary shares in issue during the year ended 31 December 2015 and 2016 and for the three-month period ended 31 March 2017.

As at 31 December 2017, the Company had 144,600,000 shares of contingently issuable shares arising from the conditional investment fund received from the three prospective investors on 1 December 2017 as detailed in note 27(c). These contingently issuable shares were not treated as outstanding and were not included in the calculation of basic earnings per share for the year ended 31 December 2017, since the condition about the completion of Group Reorganisation has not yet been satisfied as at 31 December 2017.

In addition, the contingently issuable shares were also not included in the diluted earnings per share calculation for the year ended 31 December 2017, because the conditions about the Group Reorganisation had not yet been satisfied and was still in the contingency period as at 31 December 2017.

Upon the completion of Group Reorganisation completed on 5 March 2018, the conditional investment fund received had then become unconditional, and these 144,600,000 shares has become issued and outstanding, which was therefore are included in the calculation of basic earnings per share since that date for the three-month period ended 31 March 2018. As the conditional investment fund received had become unconditional during the three-month period ended 31 March 2018, these 144,600,000 shares are included in the computation of diluted earnings per share for the three-month period ended 31 March 2018.

15. PROPERTY AND EQUIPMENT

	Leasehold improvements	Leasehold land and building	Furniture, fixtures and equipment	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST					
At 1 January 2015	17,627	26,158	73,296	22,117	139,198
Additions	4,057	–	5,852	2,027	11,936
Disposals.	–	(2,111)	(7,586)	(2,405)	(12,102)
Deemed disposal upon Business Transfer (note)	–	(4,683)	–	(6,999)	(11,682)
Disposal of subsidiaries (note 32)	(11,267)	–	(1,274)	–	(12,541)
At 31 December 2015	10,417	19,364	70,288	14,740	114,809
Additions	17,928	–	5,392	5,167	28,487
Disposals.	–	(782)	(4,046)	(1,488)	(6,316)
At 31 December 2016	28,345	18,582	71,634	18,419	136,980
Additions	17,414	–	2,118	2,594	22,126
Disposals.	(516)	(2,500)	(6,430)	(2,511)	(11,957)
At 31 December 2017	45,243	16,082	67,322	18,502	147,149
Additions	1,000	–	106	378	1,484
Disposals.	(1,359)	–	(1,013)	(1,084)	(3,456)
At 31 March 2018	44,884	16,082	66,415	17,796	145,177
DEPRECIATION					
At 1 January 2015	(4,027)	(3,800)	(37,291)	(15,407)	(60,525)
Provided for the year	(3,650)	(806)	(10,388)	(2,548)	(17,392)
Eliminated on disposals	–	319	7,025	2,034	9,378
Eliminated on deemed disposal upon Business Transfer (note)	–	1,207	–	5,468	6,675
Eliminated on disposal of subsidiaries (note 32)	2,607	–	250	–	2,857
At 31 December 2015	(5,070)	(3,080)	(40,404)	(10,453)	(59,007)
Provided for the year	(6,618)	(761)	(9,191)	(1,672)	(18,242)
Eliminated on disposals	–	233	3,771	1,413	5,417
At 31 December 2016	(11,688)	(3,608)	(45,824)	(10,712)	(71,832)
Provided for the year	(10,732)	(470)	(8,723)	(1,937)	(21,862)
Eliminated on disposals	33	409	6,060	2,292	8,794
At 31 December 2017	(22,387)	(3,669)	(48,487)	(10,357)	(84,900)
Provided for the period	(2,203)	(118)	(2,050)	(512)	(4,883)
Eliminated on disposals	320	–	955	872	2,147
At 31 March 2018	(24,270)	(3,787)	(49,582)	(9,997)	(87,636)
CARRYING VALUES					
At 31 December 2015	5,347	16,284	29,884	4,287	55,802
At 31 December 2016	16,657	14,974	25,810	7,707	65,148
At 31 December 2017	22,856	12,413	18,835	8,145	62,249
At 31 March 2018	20,614	12,295	16,833	7,799	57,541

Note: Property and equipment of E-House Management and Beijing EJU not transferred to the Group from the Business Transfer was deemed to be an asset disposal.

The above items of property and equipment are depreciated, taking into account their estimated residual values, on a straight-line basis over their estimated useful lives as follows:

Leasehold improvements	The shorter of the term of the relevant lease or 5 years
Leasehold land and building	30 years
Furniture, fixtures and equipment	Over 3 – 5 years
Motor vehicles	Over 5 years

16. INVESTMENT PROPERTIES

	RMB'000
COST	
At 1 January 2015	136,416
Additions	18,655
Disposals	(15,603)
Deemed disposal upon Business Transfer (<i>note</i>).	(133,995)
At 31 December 2015	5,473
Additions	13,794
Disposals	(4,414)
At 31 December 2016	14,853
Additions	11,940
Disposals	(6,503)
At 31 December 2017	20,290
Disposals	(348)
At 31 March 2018	19,942
DEPRECIATION AND IMPAIRMENT	
At 1 January 2015	(8,760)
Provided for the year	(4,259)
Impairment loss recognised in profit or loss	(7,290)
Eliminated on disposals	1,784
Eliminated on deemed disposal upon Business Transfer (<i>note</i>).	18,318
At 31 December 2015	(207)
Provided for the year	(238)
Impairment loss recognised in profit or loss	(2,053)
Eliminated on disposals	226
At 31 December 2016	(2,272)
Provided for the year	(305)
Impairment loss recognised in profit or loss	(602)
Eliminated on disposals	1,577
At 31 December 2017	(1,602)
Provided for the period	(152)
Eliminated on disposals	25
At 31 March 2018	(1,729)
CARRYING VALUES	
At 31 December 2015	5,266
At 31 December 2016	12,581
At 31 December 2017	18,688
At 31 March 2018	18,213

Note: Investment properties of E-House Management and Beijing EJU not transferred to the Group from the Business Transfer were deemed to be an asset disposal.

All of the Group's investment properties are held for capital appreciation only and the Group did not rent out any of the investment properties during the Track Record Period.

The fair value of the Group's investment properties as at 31 December 2015, 2016 and 2017 and 31 March 2018 was RMB5,394,000, RMB13,611,000, RMB24,891,000 and RMB24,788,000, respectively. The valuation was determined by the management of the Group by reference to recent market prices for similar properties in the same locations and conditions, and to consider if any adjustment factor necessary.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

	Level 3	Fair value as at 31/12/2015
	RMB'000	RMB'000
Commercial property units located in Changsha.	799	799
Commercial property units located in Zhengzhou.	1,747	1,747
Commercial property units located in Guangzhou.	2,848	2,848
	<u>5,394</u>	<u>5,394</u>

	Level 3	Fair value as at 31/12/2016
	RMB'000	RMB'000
Commercial property units located in Changsha.	1,198	1,198
Commercial property units located in Tianjin	4,693	4,693
Commercial property units located in Kunshan	1,039	1,039
Commercial property units located in Yinchuan	1,373	1,373
Commercial property units located in Chongqing.	2,323	2,323
Commercial property units located in Guangzhou.	2,985	2,985
	<u>13,611</u>	<u>13,611</u>

	Level 3	Fair value as at 31/12/2017
	RMB'000	RMB'000
Commercial property units located in Changsha.	1,145	1,145
Commercial property units located in Tianjin	3,645	3,645
Commercial property units located in Yinchuan	1,268	1,268
Commercial property units located in Guangzhou.	4,120	4,120
Commercial property units located in Wuhan	9,958	9,958
Commercial property units located in Qingdao	4,755	4,755
	<u>24,891</u>	<u>24,891</u>

	Level 3	Fair value as at 31/3/2018
	RMB'000	RMB'000
Commercial property units located in Changsha.	1,013	1,013
Commercial property units located in Tianjin	3,534	3,534
Commercial property units located in Yinchuan	1,454	1,454
Commercial property units located in Guangzhou.	3,070	3,070
Commercial property units located in Wuhan	10,684	10,684
Commercial property units located in Qingdao	5,033	5,033
	<u>24,788</u>	<u>24,788</u>

The above investment properties are depreciated on a straight-line basis at the following rates per annum:

Leasehold land	Over the term of the lease
Buildings	The shorter of the term of the lease or 30 years

None of the Group's investment properties are pledged for the Group's borrowings and/or banking facilities.

17. GOODWILL

	RMB'000
Cost	
At 1 January 2015, 31 December 2015, 31 December 2016, 31 December 2017 and 31 March 2018	5,109

For the purpose of impairment testing, goodwill has been allocated to one CGU. During the Track Record Period, management of the Group determines that there is no impairment to the CGU containing goodwill over the Track Record Period.

Goodwill was arisen from the Group's previous acquisition of Shenzhen Fangyou Software Technology Co., Ltd.# (深圳市房友軟件技術有限公司) in 2009, which was related to the real estate data and consulting services. Its major business involves providing software development and information consulting service. The recoverable amount of this CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and pre-tax discount rate of 19% as at 31 December 2015, 2016 and 2017 and 31 March 2018. The cash flows beyond the 5-year period are extrapolated at a steady growth rate of 3% as at 31 December 2015, 2016 and 2017 and 31 March 2018. The management believes such growth rate does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows which include budgeted revenue, such estimation is based on its past performance and management's expectations for the market development. The management determines that any reasonably possible change in any of these assumptions would not cause the carrying amount of the CGU containing such goodwill exceeds its recoverable amount.

18. INTANGIBLE ASSETS

	Software	Domain	Exclusive cooperative right	Others	Total
	RMB'000	RMB'000	RMB'000 (note)	RMB'000	RMB'000
COST					
At 1 January 2015	18,239	1,559	29,855	1,425	51,078
Additions	299	–	–	–	299
At 31 December 2015	18,538	1,559	29,855	1,425	51,377
Additions	21	–	–	–	21
At 31 December 2016	18,559	1,559	29,855	1,425	51,398
Additions	241	–	–	–	241
At 31 December 2017 and 31 March 2018	18,800	1,559	29,855	1,425	51,639
AMORTISATION					
At 1 January 2015	(11,134)	(630)	(16,327)	(784)	(28,875)
Provided for the year	(1,530)	(202)	(3,732)	(143)	(5,607)
At 31 December 2015	(12,664)	(832)	(20,059)	(927)	(34,482)
Provided for the year	(1,628)	(207)	(3,732)	(143)	(5,710)
At 31 December 2016	(14,292)	(1,039)	(23,791)	(1,070)	(40,192)
Provided for the year	(1,583)	(245)	(3,732)	(143)	(5,703)
At 31 December 2017	(15,875)	(1,284)	(27,523)	(1,213)	(45,895)
Provided for the period	(234)	(53)	(933)	(36)	(1,256)
At 31 March 2018	(16,109)	(1,337)	(28,456)	(1,249)	(47,151)
CARRYING VALUES					
At 31 December 2015	5,874	727	9,796	498	16,895
At 31 December 2016	4,267	520	6,064	355	11,206
At 31 December 2017	2,925	275	2,332	212	5,744
At 31 March 2018	2,691	222	1,399	176	4,488

In respect of the newly acquired intangible assets during the Track Record Period, all of them were acquired from independent third parties.

English name is for identification purpose only

Note: The Group's exclusive cooperative right was resulted from the prior capital injection of a 51% owned subsidiary established on 17 August 2010 by non-controlling shareholders of a subsidiary of the Group, of which was initially carried at fair value with reference to a valuation report using income approach performed by an internationally recognised independent professional valuer in the prior year. The exclusive cooperative right represents the exclusive right granted to the subsidiary by the non-controlling shareholders to (i) host exhibition and activities sponsored by the non-controlling shareholders and (ii) access to real estate industry research reports prepared by the non-controlling shareholders.

The above items of software, domain, exclusive cooperative right and others are amortised, on a straight-line basis over their estimated useful lives as follows:

Software	Over 3 – 10 years
Domain	5 years
Exclusive cooperative right	8 years
Others	10 years

19. INTERESTS IN ASSOCIATES

	At 31 December			At 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Cost of investments, unlisted	3,430	5,030	9,830	9,830
Share of post-acquisition results	1,463	932	1,185	(453)
	<u>4,893</u>	<u>5,962</u>	<u>11,015</u>	<u>9,377</u>

Details of the Group's interests in associates are as follows:

Name of Company	Country of registration	Place of operation	Paid up registered capital	Proportion of ownership interest held by the Group				Proportion of voting rights held by the Group				Principal activity
			RMB'000	As at 31 December			As at 31 March	As at 31 December			As at 31 March	
				2015	2016	2017	2018	2015	2016	2017	2018	
Wuhan Zhongcheng E-House Sales and Marketing Co., Ltd. [#] (武漢中城易居營銷策劃有限公司)	The PRC	The PRC	5,000	45%	45%	45%	45%	40%	40%	40%	40%	Consulting and brokerage service in real estate industry
Xirui (Shanghai) Investment Consultancy Co., Ltd. [#] (悉瑞(上海)投資諮詢有限公司)	The PRC	The PRC	2,000	39%	39%	39%	39%	39%	39%	39%	39%	Consulting service
Shenzhen CRIC Huamei Consultancy Co., Ltd. [#] (深圳市克而瑞華美顧問有限公司)	The PRC	The PRC	1,000	20%	20%	20%	20%	20%	20%	20%	20%	Investment holding and consulting service
Shanghai Chuangbai Investment Management Co., Ltd. [#] (上海創柏投資管理有限公司) ("Chuangbai") (note)	The PRC	The PRC	400	20%	20%	–	–	20%	20%	–	–	Investment holding and consulting service
Shenzhen Dahai Zhide Investment Management Co., Ltd. [#] (深圳大海智地投資管理有限公司)	The PRC	The PRC	30,000	20%	20%	20%	20%	20%	20%	20%	20%	Investment management
Shanghai Zhuojia Information Technology Co., Ltd. [#] (上海卓家信息科技有限公司) (Shanghai Zhuojia Information Technology Co., Ltd.)	The PRC	The PRC	1,100	20%	20%	20%	20%	20%	20%	20%	20%	Computer information technology consulting service

[#] English name is for identification purpose only

Note: During the year ended 31 December 2017, the Group disposed of its 20% equity interest in Chuangbai to an independent third party at net carrying amount of RMB96,000 for a cash consideration of RMB96,000 equivalent to the share of the net asset value of Chuangbai on the date of disposal, with no gain or loss recognised in profit or loss.

In the opinion of the management of the Group, each individual associate of the Group and in aggregate is considered insignificant, and thus, the individual associate's or aggregate information of associates' summarised financial information is not disclosed.

20. ACCOUNTS RECEIVABLES, BILLS RECEIVABLES, OTHER NON-CURRENT ASSETS AND OTHER RECEIVABLES

	As at 31 December			As at 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
The Group				
Accounts receivables	1,418,580	2,275,610	3,031,137	2,022,940
Less: Loss allowance for accounts receivables	(247,539)	(346,740)	(451,116)	(415,865)
	1,171,041	1,928,870	2,580,021	1,607,075
Bills receivables	227,141	369,852	743,220	651,812
Less: Loss allowance for bills receivables	(5,938)	(8,014)	(15,239)	(27,308)
	221,203	361,838	727,981	624,504
Total accounts receivables and bills receivables	1,392,244	2,290,708	3,308,002	2,231,579
Deposits paid to customers (<i>note i</i>)				
– current	2,499	11,065	39,439	42,689
– non-current	2,200	2,105	18,796	8,600
Prepayments (current)	12,343	16,828	16,298	23,473
Deferred issue costs (<i>note ii</i>)	–	–	–	4,839
Rental deposits				
– current	5,643	3,180	3,095	3,197
– non-current	14,007	13,361	15,389	14,867
Deposits paid for acquisition of property and equipment (non-current)	1,381	3,666	1,428	4,109
Long-term deferred expenses (non-current)	260	199	118	105
Other receivables – others (current) . .	5,386	10,870	15,177	16,041
	43,719	61,274	109,740	117,920
Less: Loss allowance for other receivables and other non-current assets measured at amortised cost . .	(3,064)	(2,943)	(6,481)	(4,158)
	40,655	58,331	103,259	113,762
Total accounts receivables, bills receivables, other non-current assets and other receivables	1,432,899	2,349,039	3,411,261	2,345,341
Other non-current assets and other receivables disclosed in the consolidated statements of financial position as:				
– Current	25,259	40,668	71,590	87,951
– Non-current	15,396	17,663	31,669	25,811
	40,655	58,331	103,259	113,762

note i: Amount represents earnest deposits paid by the Group to its property developer customers enabling the Group to carry out the real estate agency services in the primary market projects, which will be released to the Group at the earlier of (i) period agreed in the respective agreements and (ii) upon completion of the respective agreements.

note ii: Deferred issue costs represent the qualifying portion of listing expenses incurred up to 31 March 2018, which will be debited to equity of the Group as share issue costs in respect of the successful issue of new shares upon listing.

The Group allows all of its customers a credit period of 30 days upon satisfaction of the terms and conditions of the relevant agreements and relevant invoices have been issued.

The following is an aged analysis of accounts receivables, net of allowance for doubtful debts, presented based on the dates of rendering the services and the date when the sales target for higher commission was achieved at the end of the reporting period, which approximated the respective revenue recognition dates:

	As at 31 December			As at 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year.	946,910	1,750,663	2,325,803	1,382,610
1 – 2 years	170,587	140,538	220,797	195,331
Over 2 years	53,544	37,669	33,421	29,134
	<u>1,171,041</u>	<u>1,928,870</u>	<u>2,580,021</u>	<u>1,607,075</u>

Upon maturity of the accounts receivables, certain of the Group's customers would issue commercial bills to the Group to settle its accounts receivables. The Group's bills receivables represent bills receivables on hand which are not yet due at the end of the reporting period. During the Track Record Period, the Group did not endorse the bills received to any counterparties and did not discount the bills to any banks and/or financial institutions.

Included in the Group's bills receivables as at 31 December 2015, 2016 and 2017 and 31 March 2018 with carrying amounts of RMB218,326,000, RMB357,602,000, RMB715,636,000 and RMB619,496,000, respectively, are commercial bills issued by a property developer. Upon completion of Group Reorganisation on 5 March 2018, the property developer became a related party to the Group.

The following is an aged analysis of bills receivables, net of allowance for doubtful debts, presented based on the issue dates of bills receivables.

	As at 31 December			As at 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Within 180 days	213,174	361,838	727,981	621,319
181 – 365 days.	8,029	–	–	3,185
Over 365 days	–	–	–	–
	<u>221,203</u>	<u>361,838</u>	<u>727,981</u>	<u>624,504</u>

The following is a maturity analysis of bills receivables, net of allowance for doubtful debts, presented based on the remaining dates to maturity of bills receivables at the end of the reporting period.

	As at 31 December			As at 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Within 180 days	203,439	355,848	722,644	293,527
181 – 365 days.	17,764	5,990	5,337	330,787
Over 365 days	–	–	–	190
	<u>221,203</u>	<u>361,838</u>	<u>727,981</u>	<u>624,504</u>

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributed to customers and credit term granted to customers are reviewed regularly. The Group has recognised ECL allowance of 100% on the outstanding balance of accounts receivables (except for those with real estate properties obtained as collateral) arising from (i) normal risk type customers of which were aged over 2 years since the revenue recognition date and (ii) higher risk type customers, because they were assessed by the management of the Group generally not recoverable based on their historical experience and settlement patterns.

Included in the Group's accounts receivables at 31 December 2015, 2016 and 2017 and 31 March 2018 with aggregate carrying amounts of RMB98,388,000, RMB61,658,000, RMB56,420,000 and RMB40,373,000, respectively, the Group has obtained collateral of real estate properties over these balances.

When the Group's customer uses real estate property as collateral to settle the outstanding accounts receivables in partial or in full, the Group will assess the fair value of real estate property based on the recent market prices and agree with the Group's customer. During the year ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2018, the Group received real estate properties with fair value of RMB18,655,000, RMB13,794,000, RMB11,940,000 and nil, respectively, and recognised these real estate properties as investment properties, with the corresponding amount credited to accounts receivables.

Movement in lifetime ECL that has been recognised for accounts receivables and bills receivables in accordance with the simplified approach set out in IFRS 9.

	As at 31 December			As at 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period.	225,702	253,477	354,754	466,355
Net impairment losses recognised on accounts receivables and bills receivables	89,821	101,277	111,851	7,464
Eliminated on deemed disposal upon Business Transfer (<i>note i</i>)	(62,046)	—	—	—
Amounts written off	—	—	(250)	—
Transfer to amounts due from related parties of trade nature (<i>note ii</i>)	—	—	—	(30,646)
At end of the year/period	253,477	354,754	466,355	443,173

Movement in ECL that has been recognised for other receivables and other non-current assets in accordance with IFRS 9.

	As at 31 December			As at 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period.	43,672	3,064	2,943	6,481
Impairment losses (reversal) recognised on other receivables	(24,855)	(71)	3,540	(315)
Eliminated on deemed disposal upon Business Transfer (<i>note i</i>)	(15,753)	—	—	—
Amounts written off	—	(50)	(2)	—
Transfer to amounts due from related parties of trade nature (<i>note ii</i>)	—	—	—	(2,008)
At end of the year/period	3,064	2,943	6,481	4,158

Note i: Accounts receivables, bills receivables, other receivables and other non-current assets of E-House Management and Beijing EJU not transferred to the Group from the Business Transfer was deemed to be an asset disposal. The previously recognised ECL provision of E-House Management and Beijing EJU on accounts receivables, bills receivables, other receivables and other non-current assets was therefore eliminated.

Note ii: On 5 March 2018, upon completion of the Group Reorganisation, China Vanke Co., Ltd., China Evergrande Group and Country Garden Holdings Company Limited became shareholders of the Company and exercise significant influence over the Group. As a result, the affiliates of China Vanke Co., Ltd., China Evergrande Group and Country Garden Holdings Company Limited became related parties of the Group.

The Company

The Company's other receivables balance as at 31 December 2017 represented prepayments with aggregate carrying amount of RMB42,000.

The Company's other receivables balance as at 31 March 2018 represented prepayments with aggregate carrying amount of RMB40,000 and deferred issue costs of RMB4,839,000.

21. AMOUNT DUE FROM (TO) RELATED PARTIES

The Group's and the Company's amounts due from (to) related parties comprised of amounts due from (to) shareholders and related parties, details of which are set out below.

	The Group				The Company			
	As at 31 December			As at 31 March	As at 31 December			As at 31 March
	2015	2016	2017	2018	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets								
Amount due from holding companies								
– non-trade nature (note a)	13,950	13,950	13,950	13,950	–	–	–	–
Amounts due from related parties								
(note b)	541,269	436,585	365,120	1,321,527	631	674	167,815	160,871
	<u>555,219</u>	<u>450,535</u>	<u>379,070</u>	<u>1,335,477</u>	<u>631</u>	<u>674</u>	<u>167,815</u>	<u>160,871</u>
Disclosed in the statements of								
financial position as:								
– Current assets	470,241	365,040	379,070	1,319,609	631	674	167,815	160,871
– Non-current assets	84,978	85,495	–	15,868	–	–	–	–
	<u>555,219</u>	<u>450,535</u>	<u>379,070</u>	<u>1,335,477</u>	<u>631</u>	<u>674</u>	<u>167,815</u>	<u>160,871</u>
Analysed as:								
Trade nature:								
– Amounts due from related parties								
under common control of								
E-House (China) Holdings	16,840	79,653	50,474	52,042	–	–	–	–
– Amounts due from other related								
parties	4,481	2,871	2,729	993,453	–	–	–	–
Less: Loss allowance for amounts								
due from other related parties	(787)	(3,540)	(8,015)	(45,663)	–	–	–	–
	<u>20,534</u>	<u>78,984</u>	<u>45,188</u>	<u>999,832</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Non-trade nature:								
– Amounts due from related parties								
under common control of								
E-House (China) Holdings	534,397	371,261	333,592	335,645	631	674	167,815	160,871
– Amounts due from other related								
parties	288	290	290	–	–	–	–	–
	<u>534,685</u>	<u>371,551</u>	<u>333,882</u>	<u>335,645</u>	<u>631</u>	<u>674</u>	<u>167,815</u>	<u>160,871</u>
	<u>555,219</u>	<u>450,535</u>	<u>379,070</u>	<u>1,335,477</u>	<u>631</u>	<u>674</u>	<u>167,815</u>	<u>160,871</u>

	The Group				The Company			
	As at 31 December			As at 31 March	As at 31 December			As at 31 March
	2015	2016	2017	2018	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Liabilities								
Amount due to immediate holding company –								
non-trade nature (note c)	784	864	850	881	726	790	768	778
Amounts due to related parties (note d)	330,773	477,742	296,444	311,974	–	–	–	–
	<u>331,557</u>	<u>478,606</u>	<u>297,294</u>	<u>312,855</u>	<u>726</u>	<u>790</u>	<u>768</u>	<u>778</u>
Disclosed in the statements of financial position as:								
– Current liabilities	<u>331,557</u>	<u>478,606</u>	<u>297,294</u>	<u>312,855</u>	<u>726</u>	<u>790</u>	<u>768</u>	<u>778</u>
Analysed as:								
Trade nature:								
– Amounts due to related parties under common control of E-House (China) Holdings	1,801	83,187	17,823	21,617	–	–	–	–
– Amounts due to other related parties	17,076	13,692	21,544	36,226	–	–	–	–
	<u>18,877</u>	<u>96,879</u>	<u>39,367</u>	<u>57,843</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Non-trade nature:								
– Amounts due to related parties under common control of E-House (China) Holdings	312,680	381,727	257,927	255,012	726	790	768	778
	<u>331,557</u>	<u>478,606</u>	<u>297,294</u>	<u>312,855</u>	<u>726</u>	<u>790</u>	<u>768</u>	<u>778</u>

Notes

(a) Amounts due from holding companies – non-trade nature

Particulars of the amounts due from holding companies are disclosed as follows:

	The Group					The Company				
	As at 1 January	As at 31 December			As at 31 March	As at 1 January	As at 31 December			As at 31 March
	2015	2015	2016	2017	2018	2015	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-trade nature										
E-House (China) Holdings	110,260	517	517	517	517	–	–	–	–	–
CRE Corp	16,430	13,433	13,433	13,433	13,433	–	–	–	–	–
	<u>126,690</u>	<u>13,950</u>	<u>13,950</u>	<u>13,950</u>	<u>13,950</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Disclosed in the statements of financial position as:										
– Current assets		517	–	13,950	13,950		–	–	–	–
– Non-current assets		13,433	13,950	–	–		–	–	–	–
		<u>13,950</u>	<u>13,950</u>	<u>13,950</u>	<u>13,950</u>		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

For amounts due from holding companies, the maximum amount outstanding during the Track Record Period is as follows:

	The Group				The Company			
	Year ended 31 December			For the three-month period ended 31 March	Year ended 31 December			For the three-month period ended 31 March
	2015	2016	2017	2018	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
E-House (China) Holdings . .	110,395	517	517	517	-	-	-	-
CRE Corp . .	16,430	13,433	13,433	13,433	-	-	-	-

The amounts due from holding companies are non-trade in nature, unsecured, interest-free and repayable on demand.

As represented by the management of the Group, the outstanding amounts due from holding companies as at 31 March 2018 would be settled prior to the Listing.

(b) Amounts due from related parties

Particulars of the amounts due from related parties of trade nature presented as current assets are disclosed as follows:

	Relationship (note)	The Group				The Company			
		As at 31 December			As at 31 March	As at 31 December			As at 31 March
		2015	2016	2017	2018	2015	2016	2017	2018
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade nature									
Shanghai Nanzhi Investment Co., Ltd. (上海南志投资有限公司) ("Nanzhi")#	(i)	9,640	4,460	-	-	-	-	-	-
Hangzhou E-House Chenxin Real Estate Broker Co., Ltd.# (杭州易居臣信房地產經紀有限公司) ("Hangzhou Chenxin")	(i)	4,900	-	-	-	-	-	-	-
Shanghai Urban Development (Group) Co., Ltd. (上海城開(集團)有限公司) ("Shanghai Urban")									
- accounts receivables	(ii)	3,694	2,493	2,270	1,221	-	-	-	-
- other receivables	(ii)	-	-	-	290	-	-	-	-
China Evergrande Group's affiliates									
- accounts receivables	(iv)	-	-	-	896,943	-	-	-	-
- other non-current assets	(iv)	-	-	-	604	-	-	-	-
China Vanke Co., Ltd's affiliates									
- accounts receivables	(iv)	-	-	-	31,441	-	-	-	-
- other non-current assets	(iv)	-	-	-	15,264	-	-	-	-
Country Garden Holdings Company Limited's affiliates.	(iv)	-	-	-	14,655	-	-	-	-

English name is for identification purpose only

Trade nature	Relationship (note)	The Group				The Company			
		As at 31 December			As at 31 March	As at 31 December			As at 31 March
		2015	2016	2017	2018	2015	2016	2017	2018
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Shanghai Chenxin Real Estate Brokerage Co., Ltd [#] (上海臣信房地產經紀有限公司) ("Shanghai Chenxin")	(i)	1,000	–	–	–	–	–	–	–
E-House Chenxin Real Estate Broker (Shanghai) Co., Ltd [#] (易居臣信房地產經紀(上海)有限公司) ("E-House Chenxin")	(i)	–	570	–	–	–	–	–	–
Hangzhou Yisheng Leju Advertising Co., Ltd. [#] (杭州怡生樂居廣告有限公司) ("Hangzhou Yisheng")	(i)	–	10	–	–	–	–	–	–
E-House China R&D Institute [#] (上海易居房地產研究院) ("E-House Academy")	(i)	330	330	–	–	–	–	–	–
Xinjiang E-House Shengshi Real Estate Marketing Co., Ltd. [#] (新疆易居盛世房地產營銷有限公司) ("Xinjiang Shengshi")	(i)	150	–	–	–	–	–	–	–
E-House Management* – accounts receivables	(i)	–	60,765	38,429	33,510	–	–	–	–
– other receivables	(i)	–	–	–	87	–	–	–	–
Beijing EJU* – accounts receivables	(i)	–	10,042	3,654	3,246	–	–	–	–
– other receivables	(i)	–	–	–	345	–	–	–	–
Chongqing Huace Education Training School [#] (重慶市華策職業培訓學校) ("Huace")	(i)	–	–	50	–	–	–	–	–
Chongqing Anbang Real Estate Broker Co., Ltd [#] (重慶安邦房地產經紀有限公司) ("Chongqing Anbang")	(i)	–	–	123	–	–	–	–	–
Shanghai YiHan Investment Management Consultants Co., Ltd [#] (上海易漢投資管理諮詢有限公司) ("Yihan")	(i)	550	–	–	–	–	–	–	–
Fujian Jinyue Real Estate Consultant Co., Ltd [#] (福建金岳房地產諮詢服務有限公司) ("Fujian Jinyue")	(i)	270	–	–	–	–	–	–	–
Shanghai Fangjiao Information Technology Co., Ltd [#] (上海房教信息技術有限公司) ("Fangjiao") – accounts receivables	(i)	–	155	662	–	–	–	–	–
– other receivables	(i)	–	–	–	2,226	–	–	–	–
Beijing Yisheng Leju Information Services Limited [#] (北京怡生樂居信息服務有限公司) ("Beijing Yisheng")	(i)	–	159	–	–	–	–	–	–
		20,534	78,984	45,188	999,832	–	–	–	–

English name is for identification purpose only

	Relationship <i>(note)</i>	The Group				The Company			
		As at 31 December			As at 31 March	As at 31 December			As at 31 March
		2015	2016	2017	2018	2015	2016	2017	2018
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade nature									
Disclosed in the statements of financial position as:									
– Current assets		20,534	78,984	45,188	983,964	–	–	–	–
– Non-current assets		–	–	–	15,868	–	–	–	–
		<u>20,534</u>	<u>78,984</u>	<u>45,188</u>	<u>999,832</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Amount due from related parties of trade nature:									
– Accounts receivables		20,534	78,984	45,188	981,016	–	–	–	–
– Other receivables		–	–	–	2,948	–	–	–	–
– Other non-current assets		–	–	–	15,868	–	–	–	–
		<u>20,534</u>	<u>78,984</u>	<u>45,188</u>	<u>999,832</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

* Upon completion of the Business Transfer, E-House Management and Beijing EJU had ceased to carry out the Primary Business. At the completion date of the Business Transfer, as some of the real estate agency services in the primary market contracts are incomplete, the Group, E-House Management and Beijing EJU entered into two agency agreements on the same date, pursuant to which the Group will perform the Primary Business and E-House Management and Beijing EJU will continue to act as collection agents on behalf of the Group to collect the outstanding accounts receivables from the property developer customers till completion of those incomplete contracts. As at 31 December 2016 and 2017 and 31 March 2018, outstanding accounts receivables due from the property developer customers whereas E-House Management and Beijing EJU acted as collection agents and included in amounts due from E-House Management and Beijing EJU totalling RMB70,807,000, RMB42,083,000 and RMB36,756,000, respectively.

The Group allows all of its related parties a credit period of 30 days in respect of all trade nature transactions, upon the completion of the terms and conditions of the relevant agreements.

The following is an aged analysis of the amounts due from related parties of trade nature – accounts receivables, net of allowance for doubtful debts, presented based on the date of rendering the services at the end of the reporting period, which approximated the respective revenue recognition dates:

	The Group			
	As at 31 December			As at 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year.	11,140	74,153	29,561	884,159
1 – 2 years	555	3,643	14,440	88,886
Over 2 years	8,839	1,188	1,187	7,971
	<u>20,534</u>	<u>78,984</u>	<u>45,188</u>	<u>981,016</u>

Before accepting any new transaction with related parties, the Group assesses the potential related party credit quality and defines credit limits by related party. Credit limits attributed to related parties and credit term granted to related parties are reviewed regularly. The Group's amounts due from related parties of trade nature are neither past due nor impaired and have no history of defaulting on repayments.

Movement in ECL that has been recognised for amounts due from related parties of trade nature – accounts receivables in accordance with the simplified approach under IFRS 9.

	The Group			
	As at 31 December			As at 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period. . . .	2,312	787	3,540	8,015
Impairment losses (reversed) recognised on amounts due from related parties of trade nature	(1,525)	2,753	4,475	4,994
Transfer from accounts receivables	–	–	–	30,646
At end of the year/period	787	3,540	8,015	43,655

Movement in ECL that has been recognised for amounts due from related parties of trade nature – other receivables and other non-current assets in accordance with IFRS 9.

	The Group			
	As at 31 December			As at 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period. . . .	–	–	–	–
Transfer from accounts receivables	–	–	–	2,008
At end of the year/period	–	–	–	2,008

Particulars of the amounts due from related parties of non-trade nature are disclosed as follows:

The Group	Relationship	As at	As at 31 December			As at
		1 January				31 March
	(note)	2015	2015	2016	2017	2018
Non-trade nature		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Shanghai Yicang Enterprise Management Co., Ltd. [#] (上海易倉企業管理有限公司) ("Yicang")	(i)	269,544	300,238	125,000	125,000	125,000
E-House Management	(i)	19,245	158,502	180,799	176,378	186,413
Yike Internet Technology (Shanghai) Co., Ltd [#] (亦可網絡科技(上海)有限公司) ("Yike Technology"). . .	(i)	99,310	47,765	50,000	14,278	9,066
Beijing EJU	(i)	–	7,904	1,137	1,808	755
Fangjiao	(i)	–	–	216	1,735	18
Shanghai Chengxiang Commercial Real Estate Broker Co., Ltd [#] (上海城香商用房地產經紀有限公司) ("Chengxiang"). . .	(i)	522	160	45	–	–
E-House Academy.	(i)	–	–	–	330	330

[#] English name is for identification purpose only

The Group	Relationship	As at	As at			
		1 January	31 December			31 March
	(note)	2015	2015	2016	2017	2018
Non-trade nature		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Fujian Jinyue	(i)	11,911	70	114	113	113
Shanghai Yi Fang Software Technology Co., Ltd.# (上海易房軟件技術有限公司) (“Yifang”)	(i)	7,370	5,000	–	–	–
Shanghai Lituo Enterprise Development Co., Ltd.# (上海勵拓企業發展有限公司) (“Lituo Development”) . . .	(i)	–	506	–	–	–
Shanghai Yicheng Fortune Commercial Real Estate Consulting Co., Ltd.# (上海易城財富商用地產諮詢顧問有限公司) (“Yicheng Fortune”)	(i)	31,313	270	–	–	–
Xinjiang Shengshi.	(i)	4,010	6	–	–	–
Shanghai Weidian Information Technology Co., Ltd# (上海微點信息科技有限公司) (“Weidian”).	(i)	–	25	–	–	–
Tianjin Binmao Fortune Business Advisory Co., Ltd# (天津濱茂財富商務諮詢有限公司) (“Binmao”)	(i)	1	1	–	–	–
E-House Chenxin Real Estate Broker (Shanghai) Co., Ltd# (易居臣信房地產經紀(上海)有限公司) (“E-House Chenxin”)	(i)	100,706	–	–	–	–
Shanghai Tian Zhuo Advertising Co., Ltd.# (上海天卓廣告有限公司) (“Tianzhuo”)	(i)	56,500	–	–	–	–
Shanghai Shanglin Property Management Co., Ltd# (上海尚林物業管理有限公司) (“Shanglin”)	(i)	20,000	–	–	–	–
Guangzhou integrated residential industry supporting Co., Ltd# (廣州集成住宅產業配套有限公司) (“Jichengzhuzhai”) . .	(i)	10,016	–	–	–	–
Shanghai Yixin Electronic Commerce Co., Ltd# (上海翊信電子商務有限公司) (“Yixin”)	(i)	11	–	–	–	–
Shanghai Urban	(ii)	753	288	290	290	–
		631,212	520,735	357,601	319,932	321,695
Disclosed in the statements of financial position as:						
– Current assets.			449,190	286,056	319,932	321,695
– Non-current assets			71,545	71,545	–	–
			520,735	357,601	319,932	321,695

English name is for identification purpose only.

APPENDIX I

ACCOUNTANTS' REPORT

As represented by the management of the Group, the outstanding amounts due from these related parties of non-trade nature as at 31 March 2018 would be settled prior to the Listing.

The Company	Relationship (note)	As at 1 January	As at 31 December			As at 31 March
		2015	2015	2016	2017	2018
Non-trade nature		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Fangyou Information Technology Holdings Ltd.	(iii)	595	631	674	167,815	160,871
Disclosed in the statements of financial position as:						
– Current assets			631	674	167,815	160,871

For amounts due from related parties of non-trade nature with common directorship, the maximum amounts outstanding during the Track Record Period are as follows:

	The Group			
	Year ended 31 December			For the three-month period ended 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Fujian Jinyue	17,106	20,757	201	113
Shanglin	20,000	24,000	48,793	–
Tianzhuo	56,500	44,675	37,675	–
Yike Technology	126,955	272,538	187,684	14,278
E-House Management	659,164	237,538	341,879	197,259
Binmao	1	1	–	–
E-House Chenxin	100,706	–	9,000	–
Jichengzhuzhai	10,016	–	–	–
Yixin	11	125,011	125,011	–
Beijing EJU	11,562	12,026	1,808	1,808

	The Company			
	Year ended 31 December			For the three-month period ended 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Fangyou Information Technology Holdings Ltd.	631	674	167,815	167,815

The amounts are non-trade nature, unsecured, interest-free and repayable on demand.

The Group's and the Company's amounts due from related parties that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	The Group				The Company			
	As at 31 December			As at	As at 31 December			As at
	2015	2016	2017	31 March	2015	2016	2017	31 March
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Analysis of amount due from related parties:								
Denominated in Hong Kong Dollar ("HK\$")	–	–	–	–	631	674	167,815	160,871

(c) Amount due to immediate holding company – non-trade nature

Particulars of the amount due to immediate holding company presented as current liabilities are disclosed as follows:

	The Group				The Company			
	As at 31 December			As at	As at 31 December			As at
	2015	2016	2017	31 March	2015	2016	2017	31 March
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
CRE Corp	784	864	850	881	726	790	768	778
Disclosed in the statements of financial position as:								
– Current liabilities	784	864	850	881	726	790	768	778

The amount due to CRE Corp is non-trade nature, unsecured, interest-free and repayable on demand.

As represented by the management of the Group, the outstanding amount due to CRE Corp as at 31 March 2018 would be settled prior to the Listing.

The Group's and the Company's amounts due to shareholder that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	The Group				The Company			
	As at 31 December			As at	As at 31 December			As at
	2015	2016	2017	31 March	2015	2016	2017	31 March
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Analysis of amount due to shareholders:								
Denominated in HK\$.	784	864	850	881	726	790	768	778

(d) Amounts due to related parties

Particulars of the amounts due to related parties of trade nature presented as current liabilities are disclosed as follows:

Trade nature	Relationship	The Group				The Company			
		As at 31 December			As at 31 March	As at 31 December			As at 31 March
		2015	2016	2017	2018	2015	2016	2017	2018
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
E-house Management	(i)	-	72,061	6,656	7,549	-	-	-	-
Beijing EJU	(i)	-	10,662	11,162	10,713	-	-	-	-
China Evergrande Group's affiliates									
- advance from related parties	(iv)	-	-	-	3,530	-	-	-	-
China Vanke Co., Ltd's affiliates									
- advance from related parties	(iv)	-	-	-	3,658	-	-	-	-
- other payables	(iv)	-	-	-	98	-	-	-	-
Country Garden Holdings Company Limited's affiliates									
- advance from related parties	(iv)	-	-	-	3,090	-	-	-	-
Yicang	(i)	-	-	-	745	-	-	-	-
Yike Technology	(i)	-	-	-	2,604	-	-	-	-
Shanglin	(i)	-	-	-	1	-	-	-	-
Shenyang Yisheng Ruiju Media Co., Ltd. [#] (瀋陽怡生瑞居傳媒有限公司).	(i)	963	-	-	-	-	-	-	-
Shanghai Dehu Culture Communication Co., Ltd. [#] (“上海德滬文化傳播有限公司”) (Shanghai Dehu)	(i)	391	-	-	-	-	-	-	-
Hangzhou Chenxin	(i)	83	-	-	-	-	-	-	-
Shanghai Yunchuang Information Technology Co., Ltd. [#] (上海鑄創信息技術有限公司) (“Yunchuang”)	(i)	-	12	5	5	-	-	-	-
Hebei Dehu Culture Communication Co., Ltd. [#] (河北德滬文化傳播有限公司) (“Hebei Dehu”)	(i)	364	-	-	-	-	-	-	-
Fangjiao	(i)	-	140	-	-	-	-	-	-
Beijing Cheng Xin Real Estate Broker Co., Ltd. [#] (北京臣信房地產經紀有限公司) (“Beijing Chenxin”) - advance from related parties	(i)	-	300	-	-	-	-	-	-
Hangzhou Rui Ju Real Estate Broker Co., Ltd. [#] (杭州瑞居房地產經紀有限公司) (“Hangzhou Ruiju”) - advance from related parties	(i)	-	12	-	-	-	-	-	-
Shanghai Urban - advance from related parties	(ii)	17,076	13,692	21,544	25,825	-	-	-	-
- other payables	(ii)	-	-	-	25	-	-	-	-
		18,877	96,879	39,367	57,843	-	-	-	-
Disclosed in the statements of financial position as:									
- Current liabilities		18,877	96,879	39,367	57,843	-	-	-	-
Trade nature amounts due to related parties:									
- Accounts payables		1,801	82,875	17,823	21,617	-	-	-	-
- Advance from related parties		17,076	14,004	21,544	36,103	-	-	-	-
- Other payables		-	-	-	123	-	-	-	-
		18,877	96,879	39,367	57,843	-	-	-	-

[#] English name for identification purpose only.

Amounts due to related parties of trade nature – accounts payables mainly represent consulting fee payables to related parties of the Group's real estate agency services in the primary market whereby no general credit terms are granted and repayable on demand consistent with liquidity risk table. The following is an aged analysis of amounts due to related parties of trade nature presented based on the receipts of services by the Group at the end of each reporting period:

	The Group			
	As at 31 December			As at 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	755	82,875	17,823	21,617
1 – 2 years	381	–	–	–
Over 2 years	665	–	–	–
	<u>1,801</u>	<u>82,875</u>	<u>17,823</u>	<u>21,617</u>

Particulars of the amounts due to related parties of non-trade nature are disclosed as follows:

	Relationship	The Group				The Company			
		As at 31 December			As at 31 March	As at 31 December			As at 31 March
		2015	2016	2017	2018	2015	2016	2017	2018
		(note)							
Non-trade nature		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
E-House Management Holdco	(i)	153,595	–	–	–	–	–	–	–
Fangjia Technique	(i)	4,000	–	–	–	–	–	–	–
E-House Chenxin.	(i)	3,101	–	–	–	–	–	–	–
Yicang	(i)	540	589	710	–	–	–	–	–
Yike Technology	(i)	2,025	19,171	442	–	–	–	–	–
E-House (Macau) International Property Limited	(i)	59	59	59	–	–	–	–	–
Shanghai Ted Culture Communication Co., Ltd.# (上海太德文化傳播有限公司) (“TED Culture”)	(i)	–	–	–	510	–	–	–	–
Xiamen Yisheng Leju Information Technology Co., Ltd.# (廈門怡生樂居信息科技有限公司) (“Xiamen Yisheng”)	(i)	–	–	–	1,000	–	–	–	–
Hainan Zhongfangxin Information Technology Co., Ltd.# (海南中房信息技術有限公司).	(i)	4	4	–	–	–	–	–	–
E-House Management	(i)	51,635	266,305	156,005	156,006	–	–	–	–
Beijing Yisheng	(i)	258	–	–	–	–	–	–	–
Beijing EJU.	(i)	86,625	83,371	88,860	85,616	–	–	–	–
Shanghai Sina Leju Information Co., Ltd.# (上海新浪樂居信息科技有限公司).	(i)	–	3,051	2,901	2,901	–	–	–	–
Hangzhou Chenxin	(i)	60	–	–	–	–	–	–	–
CRE BVI	(i)	8,094	8,094	8,094	8,094	–	–	–	–
Shanglin	(i)	–	–	2	–	–	–	–	–
Nanzhi	(i)	1,471	–	–	–	–	–	–	–
Fujian Jinyue	(i)	–	4	4	4	–	–	–	–
Shanghai Shangyou Property Management Co., Ltd.# (上海尚友物業管理有限公司) (“Shangyou”)	(i)	429	215	–	–	–	–	–	–
		311,896	380,863	257,077	254,131	–	–	–	–
Disclosed in the statements of financial position as:									
– Current liabilities		311,896	380,863	257,077	254,131	–	–	–	–

[#] English name for identification purpose only.

The amounts are non-trade nature, unsecured, interest free and repayable on demand.

As represented by the management of the Group, the outstanding amounts due to related parties of non-trade nature as at 31 March 2018 would be settled prior to the Listing.

Notes

- (i) Fellow subsidiaries of the Group
- (ii) Non-controlling shareholder of a non-wholly owned subsidiary of the Group which exercises significant influence over the subsidiary of the Group
- (iii) A subsidiary of the Company
- (iv) Entities controlled by shareholders of the Company which exercises significant influence over the Company

22. FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 December 2014, the Group held a money market fund with principal amount of RMB7,014,000 issued by an independent financial institution, which had no guarantee on its principal and return. The return of the money market fund varied depending on the interest rates quoted by the People's Bank of China for the underlying investments. During the year ended 31 December 2015, the Group received investment return of RMB197,000 included in "other income" in note 7. The Group had fully disposed of the money market fund at its principal amount of RMB7,014,000 during the year ended 31 December 2015.

On 15 December 2017, the Group subscribed a convertible note at a cash consideration of RMB20,000,000 issued by Beijing Youmingyun Software Company Limited[#] (北京有明雲軟件股份有限公司) ("Beijing Youmingyun"), an independent third party listed on the National Equities Exchange and Quotations ("NEEQ"). The convertible note carried at a fixed coupon rate of 10% per annum and was convertible into 3,738,333 shares of Beijing Youmingyun at a conversion price of RMB5.32 per share.

The convertible note can only be executed at the maturity date which is 24 months after the acquisition date with no early redemption right. The financial assets is mandatorily measured at fair value through profit or loss. The management of the Group considers the fair value of the convertible note as at 31 December 2017 is approximate to the acquisition consideration of RMB20,000,000. The fair value as at 31 March 2018 has been arrived at on the basis of valuation carried out by Valuelink (Beijing) Asset Valuation Co., Ltd ("Valuelink"), a firm of independent qualified professional valuers not connected with the Group, who have appropriate qualifications and recent experience in the valuation of similar financial instrument. The address of Valuelink is Room 607, 6/F, Century Business Plaza, 989 Changle Road, Shanghai. The fair value of the convertible note is determined by lattice binomial model by calculating the conversion, redemption and holding value of each binomial node.

23. RESTRICTED BANK BALANCES AND CASH AND CASH EQUIVALENTS

Cash and cash equivalents

Cash and cash equivalents comprises bank balances and cash held by the Group and the Company. Bank balances carried interest at prevailing market interest rates which were 0.35% per annum throughout the Track Record Period.

Restricted bank balances

As at 31 December 2015 and 2016, restricted bank balances of RMB500,000 represent guarantee deposits placed in designated bank accounts to carry out a real estate agency services in the primary market project, which had been released upon completion of the service project during the year ended 31 December 2017. In addition, as at 31 December 2016 and 2017 and 31 March 2018, restricted bank balances amounting to RMB63,123,000, RMB131,264,000 and RMB82,720,000, respectively, represented the receipts of bank balances from property buyers in respect of the real estate brokerage network services segment which had not yet been transferred to property sellers. A corresponding liability is recorded as receipts on behalf of property sellers in other payable. The restricted bank balances carried at a fixed interest rate at 0.35% per annum throughout Track Record Period.

[#] English name is for identification purpose only

The Group's restricted bank balances and cash and cash equivalents that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	As at 31 December			As at 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Analysis of restricted bank balances and cash and cash equivalents by currency:				
Denominated in US\$	1	1	98,014	94,320
Denominated in HK\$	2	6	988,681	1,364,535
	3	7	1,086,695	1,458,855

24. ACCOUNTS AND OTHER PAYABLES

	The Group				The Company			
	As at 31 December			As at 31 March	As at 31 December			As at 31 March
	2015	2016	2017	2018	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Accounts payables	68,484	109,614	174,561	119,493	-	-	-	-
Other payables								
Interest payable	808	690	622	731	-	-	-	-
Value added tax payables	18,487	124,638	120,945	63,371	-	-	-	-
Business tax payables	65,071	-	-	-	-	-	-	-
Other tax payables	11,847	19,366	19,778	22,003	-	-	-	-
Receipts on behalf of property sellers (note i)	-	62,823	130,963	82,181	-	-	-	-
Contract liabilities (note 5 ^(note))	20,683	23,485	33,113	29,367	-	-	-	-
Acquisition consideration payable (note iii)	-	-	-	1,892,000	-	-	-	-
Accrued listing expense	-	-	-	21,487	-	-	-	21,487
Other payables	7,250	22,516	45,115	51,089	-	-	-	-
	124,146	253,518	350,536	2,162,229	-	-	-	21,487
Conditional investment fund received classified at FVTPL (note ii)	-	-	1,253,850	-	-	-	1,253,850	-
	124,146	253,518	1,604,386	2,162,229	-	-	1,253,850	21,487

Note i: Receipts on behalf of property sellers represent the receipts of bank balances from property buyers in respect of the real estate brokerage network services segment which had not yet been transferred to property sellers. Such bank balances received are classified as restricted bank balances in note 23.

Note ii: Conditional investment fund received represent the proceeds received by the Company for the conditional issue of new shares to three independent third parties as detailed in note 27(c). The amount was treated as FVTPL as it contained a forward conversion option as equity which was an embedded derivative. On 5 March 2018, upon completion of acquisition of 100% equity interests in PRC Holdco by Hong Kong Fangyou, the conditional investment fund received previously classified at financial liabilities at FVTPL at a fair amount of RMB1,229,986,000 on that day become unconditional and is then fully converted to share premium, accordingly. During the period from 1 January 2018 to 5 March 2018, the fair value loss of financial liabilities at FVTPL amounted to RMB23,864,000 is credited to other gains and losses in note 8B. The fair value of the conditional investment fund received is determined by discount cash flow method under income approach using the inputs including estimated cash flows and an appropriate discount rate and crossed checked by guideline company method under market approach, methods of which are evaluated by Valuelink, a professional third-party valuer.

Note iii: Acquisition consideration payable represents the consideration payable by the Group for the acquisition of the 100% equity interests of PRC Holdco as detailed in note 1b amounted to RMB1,892,000,000. The amount was fully paid on 19 April 2018.

Accounts payables mainly represent consultancy fee payables to suppliers of the Group's real estate agency services in the primary market whereby no general credit terms are granted. The Group is obliged to settle the amounts due upon the completion of or pursuant to the terms and conditions of the relevant agreements. The following is an aged analysis of accounts payables presented based on the date of receipts of services by the Group at the end of each reporting period:

	As at 31 December			As at 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	64,311	108,703	173,242	118,047
1 – 2 years	1,634	174	513	723
Over 2 years	2,539	737	806	723
	<u>68,484</u>	<u>109,614</u>	<u>174,561</u>	<u>119,493</u>

There were no significant changes in the contract liabilities during the Track Record Period.

25. BANK BORROWINGS

	As at 31 December			As at 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Secured and unguaranteed	350,000	290,000	–	–
Unsecured and guaranteed	100,000	100,000	450,000	550,000
	<u>450,000</u>	<u>390,000</u>	<u>450,000</u>	<u>550,000</u>
The carrying amounts of the above bank borrowings are repayable*:				
Within one year	160,000	390,000	450,000	550,000
Within a period of more than one year but not exceeding two years .	290,000	–	–	–
	<u>450,000</u>	<u>390,000</u>	<u>450,000</u>	<u>550,000</u>
Less: Amounts due within one year shown under current liabilities . . .	(160,000)	(390,000)	(450,000)	(550,000)
	<u>290,000</u>	<u>–</u>	<u>–</u>	<u>–</u>

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	As at 31 December			As at 31 March
	2015	2016	2017	2018
Effective interest rate:				
Fixed-rate borrowings	5.06% – 6.04%	4.84% – 6.04%	4.82% – 6.04%	4.35% – 5.22%

Details of bank borrowings guaranteed by and/or secured by properties of related parties are set out in note 37(b).

26. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balance for the financial reporting purposes:

	As at 31 December			As at 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	208,255	350,179	504,234	470,842
Deferred tax liabilities	(513)	(366)	(219)	(182)
	<u>207,742</u>	<u>349,813</u>	<u>504,015</u>	<u>470,660</u>

The following are the major deferred tax movements thereon during the Track Record Period:

	Accrued staff welfare and commission	Allowance for bad and doubtful debts	Tax losses	Other	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015	75,096	61,938	58,849	5,030	200,913
Credit (charge) to profit or loss (<i>note 10</i>)	46,574	13,015	(29,025)	(4,285)	26,279
Eliminated on deemed disposal upon Business Transfer (<i>note i</i>)	–	(19,450)	–	–	(19,450)
At 31 December 2015	121,670	55,503	29,824	745	207,742
Credit to profit or loss (<i>note 10</i>).	104,613	21,353	13,969	2,136	142,071
At 31 December 2016	226,283	76,856	43,793	2,881	349,813
Credit to profit or loss (<i>note 10</i>).	49,225	40,358	53,308	406	143,297
Effect of change in tax rate (<i>note 10</i>).	2,465	8,440	–	–	10,905
At 31 December 2017	277,973	125,654	97,101	3,287	504,015
(Charge) credit to profit or loss (<i>note 10</i>)	(87,040)	(432)	54,073	44	(33,355)
At 31 March 2018	<u>190,933</u>	<u>125,222</u>	<u>151,174</u>	<u>3,331</u>	<u>470,660</u>

Note i: Deferred tax of “E-House Management” and “Beijing EJU” not transferred to the Group from the Business Transfer were deemed to be disposed of.

At 31 December 2015, 2016 and 2017 and 31 March 2018, the Group had unused tax losses of RMB260,216,000, RMB411,209,000, RMB641,536,000 and RMB880,055,000, respectively, available to offset against future profits. Deferred tax assets have been recognised in respect of tax losses of RMB128,911,000, RMB178,471,000, RMB388,405,000 and RMB609,865,000, respectively. No deferred tax asset has been recognised for the remaining tax losses of RMB131,305,000, RMB232,738,000, RMB253,131,000 and RMB270,190,000, respectively, due to the unpredictability of future profit streams. The unrecognised tax losses will expire in the following years:

	As at 31 December			As at 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
2016	6,781	–	–	–
2017	14,198	14,198	–	–
2018	22,234	22,234	18,178	17,930
2019	15,533	15,533	11,443	11,443
2020	72,559	72,559	72,559	72,559
2021	–	108,214	108,214	108,214
2022	–	–	42,737	42,737
2023	–	–	–	17,307
	<u>131,305</u>	<u>232,738</u>	<u>253,131</u>	<u>270,190</u>

At 31 December 2015, 2016 and 2017 and 31 March 2018, the Group had deductible temporary differences, mainly arising from accrued staff welfare and commission and allowance for bad and doubtful debts, totalling RMB797,168,000, RMB1,334,417,000, RMB1,657,648,000 and RMB1,314,896,000, respectively, available to offset against future profits. Deferred tax assets have been recognised in respect of deductible temporary differences of RMB770,722,000, RMB1,308,011,000, RMB1,633,766,000 and RMB1,294,486,000, respectively. No deferred tax assets have been recognised in relation to the remaining deductible temporary differences of RMB26,446,000, RMB26,406,000, RMB23,882,000 and RMB20,410,000, respectively, as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. As at 31 December 2015, 2016 and 2017 and 31 March 2018, deferred taxation has not been provided for in the Historical Financial Information in respect of all temporary differences attributable to undistributed profits of the PRC subsidiaries attributable to owners of the Company amounting to RMB266,229,000, RMB35,286,000, RMB371,047,000 and RMB497,751,000, respectively, as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

There were no other significant unrecognised temporary differences at the end of each reporting period.

27. PAID IN/SHARE CAPITAL

The paid in/share capital of the Group as at 31 December 2015, 2016 and 2017 represented the combined paid in/share capital attributable to owners of the Company and PRC Holdco, while the share capital of the Group as at 31 March 2018 represented the share capital of the Company following the completion of Group Reorganisation.

The Group

Name of the entities	As at 31 December			As at 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
The Company (note i)	7	7	76	76
PRC Holdco (note ii)	226,256	330,000	330,000	–*
	<u>226,263</u>	<u>330,007</u>	<u>330,076</u>	<u>76</u>

Note i:

Details of movements of authorised and issued capital of the Company are as follow:

	Par value per share	Number of shares	Share capital	Share capital presented in RMB
	US\$		US\$'000	RMB'000
Authorised, issued and fully paid				
As at 1 January 2015,				
31 December 2015 and				
31 December 2016	1	1,000	1	7
Effect of share subdivision				
(note a)	–	99,999,000	–	–
Increased (note b).	0.00001	900,000,000	9	60
Increased (note c).	0.00001	144,600,000	1	9
As at 31 December 2017 and				
31 March 2018	0.00001	1,144,600,000	11	76

Note ii:

Details of movements of authorised and issued paid-in capital of PRC Holdco are as follow:

	Number of shares	Paid in capital
		RMB'000
Ordinary shares of RMB1.00 each		
Authorised, issued and fully paid:		
As at 1 January 2015 and 31 December 2015.	226,256,500	226,256
Disposal of 50% equity interests by CRE BVI (note d) . . .	(113,128,250)	(113,128)
Increase due to conversion to a joint stock		
company (note e).	216,871,750	216,872
As at 31 December 2016 and 31 December 2017	330,000,000	330,000

* Upon completion of the Group Reorganisation, PRC Holdco became a wholly-owned subsidiary of the Company.

Note a: With effect from 6 November 2017, the Company subdivided its shares on the basis that every share of US\$1 each into 100,000 shares of US\$0.00001 each.

Note b: On 6 November 2017, the Company increased its total authorised share capital of 900,000,000 shares with par value of US\$0.00001 per share. On the same date, the Company issued 900,000,000 shares for a consideration of US\$9,000 (equivalent to approximately RMB60,000) to CRE Corp.

Note c: On 1 December 2017, the Company increased its total authorised share capital by 144,600,000 shares with par value of US\$0.00001 per share. On the same date, the Company conditionally issued 48,200,000 shares to each of Captain Valley (Cayman) Limited, Jovial Idea Developments Limited and Heyday Surge Limited, totalling 144,600,000 shares for a total subscription price of HK\$1,500,000,000 (equivalent to RMB1,270,877,000). The 144,600,000 conditional shares of US\$0.00001 each has been issued, totalling US\$1,446 (equivalent to RMB9,000) has been credited as share capital of the Company, with a corresponding debit to other reserve. Pursuant to the agreement entered into between the Company and these three prospective investors, the subscription of the Company's shares is subject to the completion of Hong Kong Fangyou's acquisition of the 100% equity interests of PRC Holdco (that is, the completion of Group Reorganisation). If the acquisition is not completed prior to 30 June 2018, the Company will need to return the total conditional investment fund of HK\$1,500,000,000 to these three prospective investors. As at 31

December 2017, as Hong Kong Fangyou had not yet acquired the 100% equity interest of PRC Holdco, the subscription price of HK\$1,500,000,000 (equivalent to RMB1,253,850,000 as at 31 December 2017), representing the conditional investment fund, received by the Company and is accounted for as financial liabilities at FVTPL per note 24. On 5 March 2018, the Group Reorganisation is completed and the conditional investment fund received previously classified at financial liabilities at FVTPL at a fair amount of RMB1,229,986,000 on that day become unconditional and is then fully converted to share premium, accordingly.

Note d: On 31 October 2016, CRE BVI transferred its 50% equity interests of PRC Holdco in aggregate to a number of independent third parties without losing control, resulting in a reduction of 50% share capital of PRC Holdco attributable to the owners of the PRC Holdco.

Note e: On 5 March 2016, PRC Holdco converted from a limited liability company into a joint stock company, together with the accounting impact as detailed in note d, it resulted in an overall impact of capitalising PRC Holdco's retained earnings of RMB171,434,000 and statutory surplus reserves of RMB45,438,000, totalling RMB216,872,000, in paid-in capital, by increasing the total authorised paid capital by and issue of 216,871,750 shares at par value of RMB1.00 per share.

The new shares rank pari passu with the then existing shares in all respects.

28. SHARE-BASED PAYMENT TRANSACTIONS

Share Incentive Plan of E-House (China) Holdings

E-House (China) Holdings' shares were previously listed on the New York Stock Exchange and were delisted on 12 August 2016. E-House (China) Holdings' Share Incentive Plan was adopted pursuant to a resolution passed on 28 November 2006 for the purpose of providing incentives to directors and eligible employees, and will expire on 9 October 2021. Under E-House (China) Holdings Share Incentive Plan, the board of directors of E-House (China) Holdings may grant options or restricted shares to eligible employees, including employees and directors of the Group, to subscribe for shares in E-House (China) Holdings.

Share option

The following table discloses movements of the number of E-House (China) Holdings' share options, which had been fully vested as at 1 January 2015, held by employees and directors of the Group during the Track Record Period.

	Outstanding at 1 January 2015	Granted during the year	Exercised during the year	Forfeited during the year	Expired during the year	Outstanding at 31 December 2015
	'000	'000	'000	'000	'000	'000
Number of share options	1,803	–	(20)	–	(4)	1,779
Exercisable at the end of the year						1,779
	Outstanding at 1 January 2016	Granted during the year ended 31 December 2016	Exercised during the year ended 31 December 2016	Forfeited during the year ended 31 December 2016	Expired during the year ended 31 December 2016	Outstanding at 31 December 2016 and 2017 and 31 March 2018
	'000	'000	'000	'000	'000	'000
Number of share options	1,779	–	–	(1,779)	–	–
Exercisable at the end of the year/period. . .						–

Upon E-House (China) Holdings is delisted from the New York Stock Exchange on 12 August 2016, the outstanding share options were all deemed to be forfeited on that date.

In respect of the share options exercised during the year ended 31 December 2015, the weighted average share price at the dates of exercise was US\$7.2.

Restricted shares

E-House (China) Holdings granted restricted shares to eligible employees, including employees and directors of the Group. The following table discloses movement of E-House (China) Holdings' restricted shares held by employees and directors of the Group during the Track Record Period. The weighted average fair value in respect of the restricted shares on grant date as at 1 January 2015 and 2016 was US\$8.45 and US\$9.14, respectively.

	Unvested at 1 January 2015	Granted during the year	Vested during the year	Forfeited during the year	Expired during the year	Outstanding at 31 December 2015
	'000	'000	'000	'000	'000	'000
Number of restricted shares	639	–	(303)	–	–	336

	Unvested At 1 January 2016	Granted during the year ended 31 December 2016	Vested during the year ended 31 December 2016	Forfeited during the year ended 31 December 2016	Expired during the year ended 31 December 2016	Outstanding at 31 December 2016 and 2017 and 31 March 2018
	'000	'000	'000	'000	'000	'000
Number of restricted shares	336	–	(336)	–	–	–

Share Incentive Plan of Leju

Leju's shares are listed on the New York Stock Exchange. Its ultimate parent is E-House (China) Holdings. Leju's Share Incentive Plan was adopted pursuant to a resolution passed on 1 December 2013 for the purpose of providing incentives to directors and eligible employees, and will expire on 30 November 2023. Under Leju Share Incentive Plan, the board of directors of Leju may grant options or restricted shares to eligible employees, including employees and directors of the Group, to subscribe for shares in Leju.

Share option

Details of specific categories of options granted under the Share Incentive Plan of Leju are as follows:

Date of grant	Range of vesting period	Range of exercise period	Weighted average exercise price	Weighted average fair value at grant date
1 December 2013 . .	1 December 2013 – 1 December 2016	1 December 2014 – 30 November 2023	US\$4.60	US\$2.15

The following table discloses movements of the number of Leju's share options held by employees and directors of the Group during the Track Record Period.

	Outstanding at 1 January 2015	Granted during the year	Exercised during the year	Forfeited during the year	Expired during the year	Outstanding at 31 December 2015
	'000	'000	'000	'000	'000	'000
	459	–	(7)	–	(3)	449

Exercisable at the end of the year						126
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	Outstanding at 1 January 2016	Granted during the year	Exercised during the year	Forfeited during the year	Expired during the year	Outstanding at 31 December 2016
	'000	'000	'000	'000	'000	'000
	449	–	–	–	(10)	439
Exercisable at the end of the year						282

	Outstanding at 1 January 2017	Granted during the year ended 31 December 2017	Exercised during the year ended 31 December 2017	Forfeited during the year ended 31 December 2017	Expired during the year ended 31 December 2017	Outstanding at 31 December 2017 and 31 March 2018
	'000	'000	'000	'000	'000	'000
	439	–	–	–	(27)	412
Exercisable at the end of the year						412

In respect of the share options exercised during the year ended 31 December 2015, the weighted average share price at the dates of exercise was US\$9.44.

Restricted shares

Leju granted restricted shares to eligible employees, including the Group's employees and management of the Group. The following table discloses movement of Leju's restricted shares held by employees and management of the Group during the Track Record Period. The weighted average fair value in respect of the restricted shares on grant date as at 1 January 2015 was US\$16.25.

	Unvested at 1 January 2015	Granted during the year ended 31 December 2015	Vested during the year ended 31 December 2015	Forfeited during the year ended 31 December 2015	Expired during the year ended 31 December 2015	Outstanding at 31 December 2015, 2016 and 2017 and 31 March 2018
	'000	'000	'000	'000	'000	'000
Number of restricted shares	1	–	(1)	–	–	–

In respect of the share options and restricted shares granted by E-House (China) Holdings and Leju to the employees and directors of the Company prior to the Track Record Period, on each date of grant, the fair value of the share options were calculated using the Binomial model performed by an internationally recognised independent professional valuer, while such of the restricted shares were measured at the quoted closing market price. Both E-House (China) Holdings and Leju were listed on the New York Stock Exchange at the time they granted such share options and restricted shares. The fair value of the equity-settled share-based payments in respect of share options/restricted shares is then expensed on a straight-line basis over the vesting period. The Group recognised the total expense of RMB18,019,000, RMB7,696,000, nil, nil (unaudited) and nil for each of the three years ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively, in relation to the share options and restricted shares of both E-House (China) Holdings and Leju granted to the employees and directors of the Group by E-House (China) Holdings and Leju.

29. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that group companies in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes bank borrowings, amounts due to related parties of non-trade nature and financial liability classified at FVTPL disclosed in notes 25, 21 and 24 net of cash and cash equivalent, and equity attributable to owners of the Group.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, new shares issues as well as the issue of new debt or redemption of existing debt.

30. FINANCIAL INSTRUMENTS**a. Categories of financial instruments**

	The Group				The Company			
	As at 31 December			As at 31 March	As at 31 December			As at 31 March
	2015	2016	2017	2018	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets								
Amortised costs (including cash and cash equivalents)	2,440,141	3,817,081	5,695,273	6,905,957	632	676	1,254,507	254,126
Financial assets classified as at FVTPL	–	–	20,000	20,000	–	–	–	–
	<u>2,440,141</u>	<u>3,817,081</u>	<u>5,715,273</u>	<u>6,925,957</u>	<u>632</u>	<u>676</u>	<u>1,254,507</u>	<u>254,126</u>
Financial liabilities								
Amortised cost	841,023	1,050,244	1,077,012	2,993,715	726	790	768	778
FVTPL	–	–	1,253,850	–	–	–	1,253,850	–
	<u>841,023</u>	<u>1,050,244</u>	<u>2,330,862</u>	<u>2,993,715</u>	<u>726</u>	<u>790</u>	<u>1,254,618</u>	<u>778</u>

b. Financial risk management objectives and policies

The Group's major financial instruments include accounts receivables, bills receivables, other receivables, other non-current assets, restricted bank balances, cash and cash equivalent, accounts payables, other payables, amounts due from (to) related parties and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

Certain cash and cash equivalent and amounts due from (to) related parties and conditional investment fund received are denominated in foreign currency of the respective group entities which are exposed to foreign currency risk.

The carrying amounts of the Group's and the Company's monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies at the end of each reporting period are as follows:

	The Group							
	Assets				Liabilities			
	As at 31 December			As at 31 March	As at 31 December			As at 31 March
	2015	2016	2017	2018	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
US\$	1	1	98,014	94,320	–	–	–	–
HK\$	2	6	998,681	1,364,535	784	864	1,254,691	881
	The Company							
	Assets				Liabilities			
	As at 31 December			As at 31 March	As at 31 December			As at 31 March
	2015	2016	2017	2018	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
US\$	–	–	98,014	88,033	–	–	–	–
HK\$	632	676	1,156,493	162,680	726	790	1,254,618	778

The Group and the Company currently does not have a foreign currency hedging policy as the management of the Group considers that the foreign exchange risk exposure of the Group and the Company is minimal. The Group and the Company will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The following table details the Group's and the Company's sensitivity to a 10% decrease in the functional currency of the relevant group entities against the foreign currency. 10% is the sensitivity rate used in management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 10% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in post-tax profit for the year/period where the functional currency of relevant group entities weakening against the relevant foreign currencies. For a 10% strengthen of the functional currency of relevant group entities, there would be an equal and opposite impact on the profit after taxation.

	The Group			
	For the year ended 31 December			For the three-month period ended 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Foreign currency				
US\$	—	—	9,801	9,432
HK\$	(78)	(86)	(25,601)	136,454

	The Company		
	For the year ended 31 December		
	2015	2016	2017
	RMB'000	RMB'000	RMB'000
			For the three-month period ended 31 March 2018
			RMB'000
Foreign currency			
US\$	–	–	9,801
HK\$	(10)	(11)	(9,812)
			8,803
			16,190

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings (see note 25 for details). The Group currently does not have any interest rate hedging policy. The management of the Group monitors the Group's exposure on an on-going basis and will consider hedging interest rate risk should the need arises.

The Group is also exposed to cash flow interest rate risk in relation to floating-rate bank balances.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for bank balances at the respective reporting date. The analysis is prepared assuming the financial instruments outstanding at the respective reporting date was outstanding for the whole year/period. A 10 basis point increase or decrease in interest rate on bank balances is used which represent management's assessment of the reasonably possible changes in interest rates.

If interest rates had been 10 basis points higher/lower for bank balances and all other variables were held constant, the Group's post-tax profit for the year/period would increase/(decrease) by the following magnitude:

	The Group				The Company			
	Year ended 31 December			For the three-month period ended 31 March	Year ended 31 December			For the three-month period ended 31 March
	2015	2016	2017	2018	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Increase/(decrease) in profit for the year/period	364	825	627	832	–	–	98	93

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of each reporting period, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group.

With reference to the historical settlement patterns from these related parties under common of E-House (China) Holdings, the Group has assessed that the expected credit loss for amounts due from related parties under common control of E-House (China) Holdings is insignificant. Thus, no loss allowance provision was recognised during the Track Record Period.

The Group is exposed to credit risk in relation to its accounts receivables, bills receivables, other receivables, other non-current assets, amounts due from related parties (except for related parties under common control of E-House (China) Holdings), restricted bank balances, and cash and cash equivalents which represents the Group's maximum exposure to credit risk in relation to financial assets.

In addition, the Group is exposed to credit risk in relation to financial guarantees given to banks as detailed in note 35. The Group's maximum exposure in this respect is the maximum amount the Group could have to pay if the guarantee is called on. No loss allowance for the financial guarantee contracts has been recognised in the consolidated statements of financial position as at 31 December 2015, 2016 and 2017 and 31 March 2018.

The Group expects that there is no significant credit risk associated with restricted bank balances and cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group has concentration of credit risk as 30.57%, 34.93%, 49.00% and 47.20% of the total gross accounts receivables, bills receivables and amounts due from related parties of trade nature – accounts receivables (except for related parties under common control of E-House (China) Holdings) was due from the Group's largest customer as at 31 December 2015, 2016 and 2017 and 31 March 2018, respectively, and 36.37%, 40.89%, 55.34% and 55.05% of the total gross accounts receivables, bills receivables and amounts due from related parties of trade nature – accounts receivables (except for related parties under common control of E-House (China) Holdings) was due from the five largest customers as at 31 December 2015, 2016 and 2017 and 31 March 2018, respectively.

Trade-related balances

Included in the Group's accounts receivables, bills receivables and of amounts due from related parties of trade nature (except for related parties under common control of E-House (China) Holdings) as at 31 December 2015, 2016 and 2017 and 31 March 2018 with aggregate carrying amounts of RMB98,388,000, RMB61,658,000, RMB56,420,000 and RMB40,373,000, respectively, the Group has collateral of real estate properties over these balances. Details of the arrangement is set out on note 20.

The carrying amount of the Group's financial assets at FVTPL as disclosed in note 22 best represents their respective maximum exposure to credit risk. The Group holds no collateral over any of these balances.

For accounts receivables, bills receivables and amounts due from related parties of trade nature (except for related parties under common control of E-House (China) Holdings), the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past default experience of the debtor, fair values of real estate properties obtained as collateral over accounts receivables, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off an accounts receivables and trade nature of amounts due from related parties (except for related parties under common control of E-House (China) Holdings) when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. For the year ended 31 December 2017, the Group had written off accounts receivables of RMB250,000 as the Group had identified the debtor has financial difficulty. For the year ended 31 December 2015 and 2016 and for the three-month period ended 31 March 2018, none of the accounts receivables and amounts due from related parties of trade nature (except for related parties under common control of E-House (China) Holdings) that had been written off as the management assessed that no counterparties were in severe financial difficulty and the prospect of recovery was still realistic.

The following table details the risk profile of accounts receivables, bills receivables and amounts due from related parties of trade nature (except for related parties under common control of E-House (China) Holdings) based on the Group's provision matrix. As the Group's historical credit loss experience show significantly different loss patterns for different customer portfolio (including high risk, strategic and normal risk type), the provision for loss allowance based on past due status is further distinguished between the Group's customer portfolio of different risk type.

As at 31 December 2015

High risk type customers	Accounts receivables, bills receivables and amounts due from related parties of trade nature representing accounts receivables (except for related parties under common control of E-House (China) Holdings) – days past due			
	Within 1 year	1-2 years	Over 2 years	Total
Expected credit loss rate	N/A	100.00%	100.00%	100.00%
Estimated total gross carrying amount at default (RMB'000)	–	4,179	88,474	92,653
Lifetime ECL (RMB'000)	–	(4,179)	(88,474)	(92,653)
	–	–	–	–

		Accounts receivables, bills receivables and amounts due from related parties of trade nature representing accounts receivables (except for related parties under common control of E-House (China) Holdings) – days past due			
<u>Strategic type customers</u>					
<i>(note)</i>		Within 1 year	1-2 years	Over 2 years	Total
Estimated total gross carrying amount at default (RMB'000)		228,962	13,636	2,488	245,086
Lifetime ECL (RMB'000)		(9,575)	(570)	(104)	(10,249)
		<u>219,387</u>	<u>13,066</u>	<u>2,384</u>	<u>234,837</u>

		Accounts receivables, bills receivables and amounts due from related parties of trade nature representing accounts receivables (except for related parties under common control of E-House (China) Holdings) – days past due			
<u>Normal risk type customers</u>					
		Within 1 year	1-2 years	Over 2 years	Total
Expected credit loss rate		4.69%	20.28%	54.96%	11.53%
Estimated total gross carrying amount at default (RMB'000)		996,944	198,296	117,223	1,312,463
Lifetime ECL (RMB'000)		(46,720)	(40,219)	(64,423)	(151,362)
		<u>950,224</u>	<u>158,077</u>	<u>52,800</u>	<u>1,161,101</u>

As at 31 December 2016

		Accounts receivables, bills receivables and amounts due from related parties of trade nature representing accounts receivables (except for related parties under common control of E-House (China) Holdings) – days past due			
<u>High risk type customers</u>					
		Within 1 year	1-2 years	Over 2 years	Total
Expected credit loss rate		N/A	100.00%	100.00%	100.00%
Estimated total gross carrying amount at default (RMB'000)		–	15,180	131,611	146,791
Lifetime ECL (RMB'000)		–	(15,180)	(131,611)	(146,791)
		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

		Accounts receivables, bills receivables and amounts due from related parties of trade nature representing accounts receivables (except for related parties under common control of E-House (China) Holdings) – days past due			
<u>Strategic type customers</u>					
<i>(note)</i>		Within 1 year	1-2 years	Over 2 years	Total
Estimated total gross carrying amount at default (RMB'000)		526,499	7,263	10,026	543,788
Lifetime ECL (RMB'000)		(17,411)	(240)	(332)	(17,983)
		<u>509,088</u>	<u>7,023</u>	<u>9,694</u>	<u>525,805</u>

<u>Normal risk type customers</u>	Accounts receivables, bills receivables and amounts due from related parties of trade nature representing accounts receivables (except for related parties under common control of E-House (China) Holdings) – days past due			
	Within 1 year	1-2 years	Over 2 years	Total
Expected credit loss rate	3.79%	25.62%	73.84%	9.52%
Estimated total gross carrying amount at default (RMB'000)	1,741,422	180,065	110,236	2,031,723
Lifetime ECL (RMB'000)	(65,983)	(46,135)	(81,402)	(193,520)
	<u>1,675,439</u>	<u>133,930</u>	<u>28,834</u>	<u>1,838,203</u>

As at 31 December 2017

<u>High risk type customers</u>	Accounts receivables, bills receivables and amounts due from related parties of trade nature representing accounts receivables (except for related parties under common control of E-House (China) Holdings) – days past due			
	Within 1 year	1-2 years	Over 2 years	Total
Expected credit loss rate	N/A	100.00%	100.00%	100.00%
Estimated total gross carrying amount at default (RMB'000)	–	21,841	199,065	220,906
Lifetime ECL (RMB'000)	–	(21,841)	(199,065)	(220,906)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

<u>Strategic type customers</u> (note)	Accounts receivables, bills receivables and amounts due from related parties of trade nature representing accounts receivables (except for related parties under common control of E-House (China) Holdings) – days past due			
	Within 1 year	1-2 years	Over 2 years	Total
Estimated total gross carrying amount at default (RMB'000)	990,833	22,008	6,517	1,019,358
Lifetime ECL (RMB'000)	(33,527)	(745)	(221)	(34,493)
	<u>957,306</u>	<u>21,263</u>	<u>6,296</u>	<u>984,865</u>

<u>Normal risk type customers</u>	Accounts receivables, bills receivables and amounts due from related parties of trade nature representing accounts receivables (except for related parties under common control of E-House (China) Holdings) – days past due			
	Within 1 year	1-2 years	Over 2 years	Total
Expected credit loss rate	3.39%	27.03%	69.68%	8.47%
Estimated total gross carrying amount at default (RMB'000)	2,199,863	293,228	93,371	2,586,462
Lifetime ECL (RMB'000)	(74,658)	(79,254)	(65,059)	(218,971)
	<u>2,125,205</u>	<u>213,974</u>	<u>28,312</u>	<u>2,367,491</u>

As at 31 March 2018

<u>High risk type customers</u>	Accounts receivables, bills receivables and amounts due from related parties of trade nature representing accounts receivables (except for related parties under common control of E-House (China) Holdings) – days past due			
	Within 1 year	1-2 years	Over 2 years	Total
Expected credit loss rate	N/A	100.00%	100.00%	100.00%
Estimated total gross carrying amount at default (RMB'000)	–	21,164	202,637	223,801
Lifetime ECL (RMB'000)	–	(21,164)	(202,637)	(223,801)
	–	–	–	–

<u>Strategic type customers</u> (note)	Accounts receivables, bills receivables and amounts due from related parties of trade nature representing accounts receivables (except for related parties under common control of E-House (China) Holdings) – days past due			
	Within 1 year	1-2 years	Over 2 years	Total
Estimated total gross carrying amount at default (RMB'000)	887,007	79,673	7,005	973,685
Lifetime ECL (RMB'000)	(27,918)	(2,507)	(221)	(30,646)
	859,089	77,166	6,784	943,039

<u>Normal risk type customers</u>	Accounts receivables, bills receivables and amounts due from related parties of trade nature representing accounts receivables (except for related parties under common control of E-House (China) Holdings) – days past due			
	Within 1 year	1-2 years	Over 2 years	Total
Expected credit loss rate	3.99%	27.16%	70.02%	9.29%
Estimated total gross carrying amount at default (RMB'000)	2,116,536	284,265	101,136	2,501,937
Lifetime ECL (RMB'000)	(84,353)	(77,213)	(70,815)	(232,381)
	2,032,183	207,052	30,321	2,269,556

Note: Total expected credit loss rate in respect of the strategic type customers as at 31 December 2015, 2016 and 2017 and 31 March 2018 was amounted to approximately 4.18%, 3.31%, 3.38% and 3.15% over the gross carrying amount of estimated total balances of accounts receivables, bills receivables and amounts due from related parties of trade nature representing accounts receivables (except for related parties under common control), respectively.

With reference to the historical settlement patterns from these strategic type customers, the Group assessed that the credit loss arising from them is insignificant. The expected credit loss rate applied for these strategic type customers represented solely the time value of money by taking into account the expected date of settlements to be received from the strategic type customers as at 31 December 2015, 2016 and 2017 and 31 March 2018, accordingly.

Non-trade related balances

In order to minimise credit risk on other receivables and other non-current assets, the Group has tasked its credit management committee to develop and maintain the credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information and the Group's own trading records to rate its counterparties. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework in respect of other receivables and other non-current assets comprises the following categories:

Category	Description	Basis for recognising ECL
Performing . . .	The counterparty has a low risk of default and does not have any past-due amounts or aged within 1 year.	12m ECL
Doubtful	There has been a significant increase in credit risk since initial recognition (aged within 1 year but less than 2 years)	Lifetime ECL – not credit-impaired
In default	There is evidence indicating the asset is credit-impaired (aged over 2 years)	Lifetime ECL – credit-impaired
Write-off. . . .	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

For the purposes of impairment assessment, other receivables and other non-current assets are considered to have low credit risk as the counterparties to these financial assets have a high credit rating. Accordingly, for the purpose of impairment assessment, the loss allowance is measured at an amount equal to 12m ECL.

In determining the ECL for other receivables and other non-current assets, the management of the Group has taken into account the historical default experience and the future prospects of the industries and/or considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of the other receivables and other non-current assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made throughout the Track Record Period.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows.

In addition, the following table also included the Group's liquidity analysis for the conditional investment fund received at FVTPL as at 31 December 2017, which were analysed based on the contractual terms pursuant to the investment agreements entered into with the prospective investors.

Liquidity and interest risk table

	Weighted average effective interest rate	On demand or less than 1 month	Within 1 to 3 months	Within 3 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Group							
31 December 2015							
Accounts and other payables	–	76,542	–	–	–	76,542	76,542
Amounts due to related parties	–	314,481	–	–	–	314,481	314,481
Fixed-rate bank borrowings	5.88%	–	3,733	171,200	318,549	493,482	450,000
		<u>391,023</u>	<u>3,733</u>	<u>171,200</u>	<u>318,549</u>	<u>884,505</u>	<u>841,023</u>
31 December 2016							
Accounts and other payables	–	195,643	–	–	–	195,643	195,643
Amounts due to related parties	–	464,601	–	–	–	464,601	464,601
Fixed-rate bank borrowings	5.73%	–	3,265	399,794	–	403,059	390,000
		<u>660,244</u>	<u>3,265</u>	<u>399,794</u>	<u>–</u>	<u>1,063,303</u>	<u>1,050,244</u>
31 December 2017							
Accounts and other payables	–	351,261	–	–	–	351,261	351,261
Amounts due to related parties	–	275,751	–	–	–	275,751	275,751
Fixed-rate bank borrowings	5.02%	–	104,639	353,304	–	457,943	450,000
Financial guarantee contracts	–	85,301	–	–	–	85,301	–
		<u>712,313</u>	<u>104,639</u>	<u>353,304</u>	<u>–</u>	<u>1,170,256</u>	<u>1,077,012</u>
Conditional investment fund received at FVTPL	–	–	–	1,253,850	–	1,253,850	1,253,850
		<u>712,313</u>	<u>104,639</u>	<u>1,607,154</u>	<u>–</u>	<u>2,424,106</u>	<u>2,330,862</u>
31 March 2018							
Accounts and other payables	–	2,166,963	–	–	–	2,166,963	2,166,963
Amounts due to related parties	–	276,752	–	–	–	276,752	276,752
Fixed-rate bank borrowings	4.46%	–	355,434	205,619	–	561,053	550,000
Financial guarantee contracts	–	52,160	–	–	–	52,160	–
		<u>2,495,875</u>	<u>355,434</u>	<u>205,619</u>	<u>–</u>	<u>3,056,928</u>	<u>2,993,715</u>

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to the change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The Company's financial liabilities are non-interest bearing and repayable on demand.

c. Fair value measurements of financial instruments

The management of the Group considers that the carrying amount of the Group's and the Company's financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

The Group's investment in a convertible note amounted to RMB20,000,000 was accounted for as financial assets mandatorily measured at FVTPL as at 31 December 2017 and 31 March 2018 of which is under level 3 fair value hierarchy. The management of the Group assessed that there was no significant change of fair value for the year ended 31 December 2017. The fair value as at 31 March 2018 has been arrived at on the basis of valuation carried out by Valuelink. Its fair value was determined by lattice binomial model by calculating the conversion, redemption and holding value of each binomial node. The significant unobservable input to the lattice binomial model being the volatility of the share price of the investee. The higher the volatility of the investee, the higher the fair value of the convertible note will be. A 5% increase/decrease in the volatility of the share price of the investee, holding all other variables constant, would increase/decrease the carrying amount of the convertible note by RMB591,000 and RMB742,000 as at 31 December 2017 and 31 March 2018, respectively.

In addition, the Group's and the Company's conditional investment fund received which were classified at financial liabilities at FVTPL of RMB1,253,850,000 as at 31 December 2017 is under level 3 hierarchy. The management of the Group assessed that there was no significant change of fair value for the year ended 31 December 2017. Its fair value was determined by discount cash flow method under income approach using the inputs including estimated cash flows and an appropriate discount rate and crossed checked by guideline company method under market approach. The significant unobservable input to the discount cash flow method being the expected revenue in the estimated cash flows. The higher the expected revenue, the higher the fair value of the financial liabilities at FVTPL will be. A 5% increase/decrease in the expected revenue, holding all other variables constant, would increase/decrease the carrying amount of the financial liabilities at FVTPL by RMB67,228,000 as at 31 December 2017.

Reconciliation of Level 3 fair value measurements

The following table represents the changes in Level 3 financial asset and liability

As at 31 December 2017

	Asset	(Liability)
	Convertible note classified as financial asset mandatorily measured at FVTPL	Conditional investment fund received classified as FVTPL
	RMB'000	RMB'000
At 1 January 2017.	–	–
Addition.	20,000	(1,270,877)
Total gain recognised in profit and loss.	–	17,027
At 31 December 2017	20,000	(1,253,850)

As at 31 March 2018

	Asset	(Liability)
	Convertible note classified as financial asset mandatorily measured at FVTPL	Conditional investment fund received classified as FVTPL
	RMB'000	RMB'000
At 1 January 2018.	20,000	(1,253,850)
Total gain recognised in profit and loss.	–	23,864
Derecognised	–	1,229,986
At 31 March 2018.	20,000	–

Of the total gain for the year ended 31 December 2017 and the three months period ended 31 March 2018 included in profit or loss, the respective amount of RMB23,864,000, RMB17,027,000 relates to the decrease in fair value in respect of conditional investment fund received classified as FVTPL held as at 31 December 2017 and the date of derecognition. Fair value gain on conditional investment fund received classified at FVTPL is included in "other gains and losses" in note 8B.

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Bank borrowing	Accrued interest expense	Amounts due to related parties (non- trade nature)	Conditional investment fund received	Dividend payable	Dividend payable to non- controlling interest	Issue cost payable	Other payables	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015 . . .	120,000	40	43,197	–	–	–	–	–	163,237
Financing cash flow									
(note ii)	330,000	(25,680)	240,859	–	(600,000)	(21,966)	–	–	(76,787)
Finance cost									
recognised	–	26,448	–	–	–	–	–	–	26,448
Dividend declared . . .	–	–	–	–	600,000	21,966	–	–	621,966
Non-cash changes									
Eliminated on deemed disposal upon business transfer									
(note i)	–	–	(124,971)	–	–	–	–	–	(124,971)
Consideration payable for acquisition of Tianjin Jinyue under common control . . .	–	–	153,595	–	–	–	–	–	153,595
At 31 December 2015 .	450,000	808	312,680	–	–	–	–	–	763,488
Financing cash flow									
(note ii)	(60,000)	(29,874)	74,047	–	–	(19,167)	–	–	(34,994)
Finance cost									
recognised	–	29,756	–	–	–	–	–	–	29,756
Dividend declared . . .	–	–	–	–	–	19,167	–	–	19,167
At 31 December 2016 .	390,000	690	386,727	–	–	–	–	–	777,417
Financing cash flow									
(note ii)	60,000	(21,718)	(123,800)	1,253,850	–	(28,951)	–	–	1,139,381
Finance cost									
recognised	–	21,650	–	–	–	–	–	–	21,650
Dividend declared . . .	–	–	–	–	–	28,951	–	–	28,951
At 31 December 2017 .	450,000	622	262,927	1,253,850	–	–	–	–	1,967,399
Financing cash flow									
(note ii)	100,000	(5,442)	(2,915)	–	–	–	(758)	–	90,885
Finance cost									
recognised	–	5,551	–	–	–	–	–	–	5,551
Issue costs accrued . .	–	–	–	–	–	–	4,839	–	4,839
Non-cash changes									
Conversion of conditional investment fund received into share premium	–	–	–	(1,229,986)	–	–	–	–	(1,229,986)
Fair value change on financial liabilities measured through profit and loss . . .	–	–	–	(23,864)	–	–	–	–	(23,864)
Consideration payable for acquisition of PRC Holdco under common control . . .	–	–	–	–	–	–	–	1,892,000	1,892,000
At 31 March 2018 . . .	550,000	731	260,012	–	–	–	4,081	1,892,000	2,706,824
At 31 December 2016 .	390,000	690	386,727	–	–	–	–	–	777,417
Financing cash flow									
(note ii) (unaudited) .	90,000	(6,523)	(33,517)	–	–	–	–	–	49,960
Finance cost									
recognised (unaudited)	–	6,642	–	–	–	–	–	–	6,642
At 31 March 2017 (unaudited)	480,000	809	353,210	–	–	–	–	–	834,019

Note i: Bank borrowings of E-House Management and Beijing EJU not transferred to the Group from the Business Transfer was deemed to be disposed.

Note ii: The financing cash flows represent (i) the proceeds from and repayment of bank borrowings, (ii) the advance from and repayment to related parties, (iii) consideration paid for the acquisition of Tianjin Jinyue under common control amounted to RMB153,595,000 for the year ended 31 December 2016 and (iv) conditional investment fund received of RMB1,253,850,000 for the year ended 31 December 2017.

32. DISPOSAL OF SUBSIDIARIES UNDER COMMON CONTROL

Disposal of subsidiaries under common control for the year ended 31 December 2015

- (i) On 31 May 2015, the Group disposed of its 100% equity interest in Fangjia Technique to Yifang for a consideration of RMB5,000,000. Fangjia Technique is principally engaged in the business of technical development and technical consulting.
- (ii) On 31 October 2015, the Group disposed of its 100% equity interest in Shanghai Yijin Culture Development Co., Ltd[#] (上海易進文化發展有限公司) ("Yijin") to Yifang whose ultimate parent is E-House (China) Holdings for a consideration of RMB10,000,000. Yijin is principally engaged in the business of planning service, business information consulting and etiquette service.
- (iii) On 31 December 2015, the Group disposed of its 100% equity interest in Shanghai Chengshen Culture Development Co., Ltd[#] (上海城申文化發展有限公司) ("Chengshen") to Yifang for a consideration of RMB3,000,000. Chengshen is principally engaged in the business of cultural and artistic communication, business information consulting and exhibition and display service.

Further details of the consideration, and assets and liabilities disposed of in respect of the disposed subsidiaries during the year ended 31 December 2015 are set out below:

	Fangjia Technique	Yijin	Chengshen	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Consideration				
Cash received	–	10,000	3,000	13,000
Consideration receivable (note)	5,000	–	–	5,000
	<u>5,000</u>	<u>10,000</u>	<u>3,000</u>	<u>18,000</u>
Analysis of assets and liabilities over which control was lost				
Property and equipment	–	8,749	935	9,684
Accounts receivables	–	228	–	228
Other receivables	–	2,831	365	3,196
Cash and cash equivalents.	4,998	3,723	1,141	9,862
Accounts payables	–	(104)	–	(104)
Other payables.	(2)	(15,592)	(39)	(15,633)
Tax payables	–	(100)	(9)	(109)
Net assets (liabilities) disposal of	<u>4,996</u>	<u>(265)</u>	<u>2,393</u>	<u>7,124</u>
Gain on disposal of subsidiaries under common control recognised in other reserve as deemed contribution				
Consideration	5,000	10,000	3,000	18,000
Net (assets) liabilities disposed of.	<u>(4,996)</u>	<u>265</u>	<u>(2,393)</u>	<u>(7,124)</u>
	<u>4</u>	<u>10,265</u>	<u>607</u>	<u>10,876</u>

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	Fangjia Technique	Yijin	Chengshen	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Net cash (outflow) inflow arising on disposal:				
Cash consideration received	–	10,000	3,000	13,000
Less: bank balances and cash disposed of	(4,998)	(3,723)	(1,141)	(9,862)
	<u>(4,998)</u>	<u>6,277</u>	<u>1,859</u>	<u>3,138</u>

Note: The consideration of RMB5,000,000 in respect of the disposal of Fangjia Technique to Yifang had been received in full during the year ended 31 December 2016.

33. OPERATING LEASES

The Group as lessee

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follow:

	As at 31 December			As at 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	60,401	39,436	61,656	60,644
In the second year to fifth year inclusive	69,569	66,444	91,093	86,047
Over five years.	17,741	11,981	7,577	6,788
	<u>147,711</u>	<u>117,861</u>	<u>160,326</u>	<u>153,479</u>

Operating lease payments represent rentals payable by the Group for certain of its office premises and staff quarters. Leases are negotiated with fixed lease term ranged from 1 month to 10 years.

34. CAPITAL COMMITMENTS

As at 31 December 2015, 2016 and 2017, the Group had the following capital commitments:

	As at 31 December			As at 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted but not provided for:				
Property and equipment	856	723	1,300	1,083

35. CONTINGENT LIABILITIES

As at 31 December 2017 and 31 March 2018, the Group provided financial guarantees to banks for individual property buyers in obtaining mortgage approval with aggregate amount of RMB85,301,000 and RMB52,160,000, respectively in relation to the secondary real estate transfer in Wuhan. For the financial guarantees as at 31 December 2017, they had been released in full in March 2018. As at the date of this report, the financial guarantees amounting to RMB51,460,000 as at 31 March 2018 had been subsequently released. No such arrangement was entered into for the years ended 31 December 2015 and 2016.

Management of the Group has, taking into account the nature of the guarantee and relevant facts and circumstances, considered that the probabilities of default to be low and therefore, the fair value of which on initial date of recognition was insignificant and also there was no provision made subsequent to initial recognition during the year ended 31 December 2017 and the three-month period ended 31 March 2018.

36. RETIREMENT BENEFIT SCHEMES

The employees of the Group in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The Company's subsidiaries situated in the PRC are required to contribute a specified percentage of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to these retirement benefits schemes is to make the specified contributions.

During the Track Record Period, the total amounts contributed by the Group to the schemes and costs charged to the profit or loss represents contributions paid or payable to the schemes by the Group at rates specified in the rules of the schemes. The retirement benefits scheme contributions made by the Group amounted to RMB231,298,000, RMB257,768,000, RMB311,496,000, RMB67,546,000 (unaudited) and RMB81,030,000 for the years ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2017 and 2018, respectively.

37. RELATED PARTY DISCLOSURES

(a) Related party balances

Details of the outstanding balances with related parties are set out in the consolidated statements of financial position and in note 21.

(b) Related party transactions

During the Track Record Period, the Group entered into the following transactions with its related parties.

(i) Advertising service, agency revenue, consulting service earned

Advertising service

			Year ended 31 December			For the three-month period ended 31 March	
Relationship			2015	2016	2017	2017	2018
			RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(unaudited)							
Shanghai Lerong Information Technology Co., Ltd.# (上海樂榮信息技術有限公司)							
“Lerong”	(i)		–	–	22	–	2,537
Ningbo E-House Chenxin Real Estate Broker Co., Ltd# (寧波易居臣信房地產經紀有限公司)							
	(i)		–	–	1,331	–	690
Shanxi Chenxin Real Estate Broker Co., Ltd# (陝西臣信房地產經紀有限公司)							
	(i)		–	92	3,272	236	7
Beijing Chenxin.	(i)		19,220	2,551	–	–	–
Chen Xin Real Estate Economic (Changsha) Co., Ltd# (臣信房地產經濟(長沙)有限公司)							
	(i)		57	–	–	–	–
Guangzhou Xincheng Real Estate Broker Co., Ltd# (廣州新臣房地產經紀有限公司)							
	(i)		–	492	484	16	–
Hangzhou Yisheng.	(i)		–	–	1,119	–	–
Nanchang Yichen Real Estate Broker Co., Ltd# (南昌易臣房地產經紀有限公司)							
	(i)		–	–	152	–	–

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Relationship	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Shanghai Treasure Culture Development Inc. [#] (上海寶庫文化發展股份有限公司)					
("Baoku") (i)	–	295	–	–	–
Nanzhi (i)	14	–	–	–	–
Shijiazhuang Bolei Real Estate Broker Co., Ltd [#] (石家莊博雷房產經紀有限公司) (i)	183	–	–	–	–
Suzhou E-House Chenxin Real Estate Broker Co., Ltd [#] (蘇州易居臣信房地產經紀 有限公司) ("Suzhou Chenxin") (i)	–	647	–	–	–
Tianjin Chenxin Real Estate Broker Co., Ltd [#] (天津臣信房地產經紀有限公司) ("Tianjin Chenxin") (i)	221	–	–	–	–
Wuhan Yisheng Leju Advertising Co., Ltd. [#] (武漢怡生樂居廣告有限公司) (i)	–	4,221	329	211	–
Wuhan E-House Chenxin Real Estate Consulting Co., Ltd. [#] (武漢易居臣信地產顧 問有限公司) (i)	448	–	–	–	–
E-House Chenxin (i)	4,493	2,051	4,736	895	–
Chongqing Anbang (i)	2,585	1,241	1,138	1,138	–
	27,221	11,590	12,583	2,496	3,234

Agency revenue

Relationship	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
China Evergrande Group's affiliates (iii)	–	–	–	–	196,246
China Vanke Co., Ltd's affiliates (iii)	–	–	–	–	5,438
Country Garden Holdings Company Limited's affiliates. (iii)	–	–	–	–	5,361
Shanghai Urban (ii)	9,816	37,081	23,389	6,331	4,351
E-House Chenxin (i)	–	2,463	14,762	5,212	679
Chongqing Anbang (i)	–	–	–	–	78
Hangzhou Yisheng (i)	–	45	123	90	34
Zhengzhou Leju Advertising Co., Ltd. [#] (鄭州樂居廣告有限公司) (i)	–	–	49	–	30
Hangzhou Ruiju (i)	–	81	–	–	–
Hangzhou Chenxin (i)	–	391	–	–	–
Shanghai Chenxin (i)	–	102	–	–	–
Lerong (i)	–	529	–	–	–
Nanzhi (i)	4,801	1,143	–	–	–
	14,617	41,835	38,323	11,633	212,217

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Consulting service

		Year ended 31 December			For the three-month period ended 31 March	
Relationship		2015	2016	2017	2017	2018
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(unaudited)				
Country Garden Holdings Company						
Limited's affiliates.	(iii)	–	–	–	–	1,299
China Evergrande Group's affiliates	(iii)	–	–	–	–	344
Shanghai Urban	(ii)	1,271	1,799	3,153	568	235
China Vanke Co., Ltd's affiliates	(iii)	–	–	–	–	138
Hangzhou Yisheng.	(i)	–	–	66	–	75
Zhuhai Yisheng Leju Information						
Technology Co., Ltd.# (珠海怡生樂居信息 科技有限公司)	(i)	–	–	–	–	11
Fangjiao	(i)	–	–	–	–	2
Beijing Chenxin.	(i)	–	167	281	84	–
Beijing Lingzhi Tongcheng Education						
Technology Co., Ltd.# (北京凌志通成教育 科技有限公司)	(i)	–	4	–	–	–
Fuzhou E-House Chenxin Estate Broker						
Co., Ltd.# (福州易居臣信房地產經紀有限 公司)	(i)	–	56	–	–	–
Guangzhou Leyiju Information						
Technology Co., Ltd.# (廣州樂怡居信息科技有限公司)	(i)	–	–	1,412	405	–
Hangzhou Ruiju.	(i)	–	35	12	12	–
Jinan Yisheng Leju Advertising Co., Ltd.# (濟南怡生樂居廣告有限公司)	(i)	–	21	–	–	–
Nanchang Xinyiju Culture						
Communication Co., Ltd.# (南昌新怡居文化傳媒有限公司)	(i)	–	4	–	–	–
Nanjing Anyue Real Estate Broker Co.,						
Ltd.# (南京安岳房地產經紀有限公司). . .	(i)	–	–	233	–	–
Xiamen Yisheng.	(i)	–	371	–	–	–
Baoku	(i)	–	37	–	–	–
TED.	(i)	–	9	–	–	–
Shanghai Xinju Financial Information						
Services Co., Ltd.# (上海新居金融信息服 務有限公司)	(i)	–	2	–	–	–
Suzhou Chenxin.	(i)	61	28	–	–	–
Tianjin Chenxin	(i)	–	28	66	66	–
E-House Chenxin	(i)	–	223	328	–	–
Chongqing Anbang	(i)	45	–	230	–	–
		1,377	2,784	5,781	1,135	2,104

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(ii) Service cost incurred (including mainly staff training and development cost)

			Year ended 31 December			For the three-month period ended 31 March	
Relationship		2015	2016	2017	2017	2018	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
(unaudited)							
TED Culture	(i)	—	1,710	4,120	2,294	2,057	
Hebei Dehu	(i)	1,369	619	1,985	132	127	
Fangjiao.	(i)	—	3,007	1,803	217	290	
Xiamen Yisheng	(i)	—	—	755	—	1,000	
E-House Academy	(i)	—	—	185	—	—	
Yunchuang.	(i)	—	51	152	75	—	
Huace.	(i)	—	—	144	—	50	
Lerong	(i)	—	160	94	94	—	
Beijing Zhongfang Zhiye Management Consulting Co., Ltd. [#] (北京中房智業管理諮詢有限公司)	(i)	—	283	67	—	—	
Chengxiang	(i)	—	—	58	—	—	
Baoku.	(i)	500	272	47	—	—	
Beijing Yisheng	(i)	1,231	604	39	39	—	
E-House Management.	(i)	—	8	15	—	—	
Shanglin	(i)	—	—	7	5	—	
Hangzhou Chenxin	(i)	150	11,033	—	—	—	
Shanghai Yiguan Culture and Art Co., Ltd. [#] (上海藝觀文化藝術有限公司)	(i)	—	566	—	—	—	
Shanghai Guansong Culture Communication Co., Ltd. [#] (上海觀頌文化傳播有限公司)	(i)	194	268	—	—	—	
Shanghai Chenxin	(i)	—	66	—	—	—	
TED	(i)	6,619	62	—	—	—	
Shanghai Dehu	(i)	1,574	—	—	—	—	
Shanghai Dehao Exhibition Co., Ltd. [#] (上海德鎬展覽有限公司).	(i)	572	—	—	—	—	
Xinjiang Shengshi	(i)	290	—	—	—	—	
Shanghai Weike Information Technology Co., Ltd. [#] (微課聯盟信息科技有限公司)	(i)	20	—	—	—	—	
		12,519	18,709	9,471	2,856	3,524	

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(iii) *Rental expenses incurred*

Relationship	Year ended 31 December			For the three-month period ended 31 March	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Yike Technology	(i) 19,429	24,333	29,929	6,588	6,947
Yicang	(i) 636	2,126	1,704	329	458
Shangyou	(i) 852	821	–	–	–
	20,917	27,280	31,633	6,917	7,405

Notes:(i) *Fellow subsidiaries of the Group*(ii) *Non-controlling shareholder of a non-wholly owned subsidiary of the Group which exercises significant influence over the subsidiary of the Group.*(iii) *Entities controlled by shareholders of the Group which exercises significant influence over the Company.*(iv) *Collection agency arrangement with E-House Management and Beijing EJU*

Subsequent to the completion of the Business Transfer, E-House Management and Beijing EJU, had acted as a collection agent on behalf of the Group in respect of those incomplete primary real estate agency contracts.

(v) *Guarantees and pledged of assets provided by related parties*

At 31 December 2015, 2016 and 2017 and 31 March 2018, E-House Management, a fellow subsidiary of the Company, had provided corporate guarantees to banks in respect of the Group's bank borrowings amounted to RMB100,000,000, RMB100,000,000, RMB450,000,000 and RMB550,000,000, respectively. At 31 December 2015 and 2016, certain properties of Shanghai Wanju Investment Partnership (Limited Partnership), a fellow subsidiary of the Company, were pledged to secure the Group's bank borrowings amounted to RMB350,000,000 and RMB290,000,000, respectively. As represented by the management of the Group, the corporate guarantee provided by E-House Management to banks as at 31 March 2018 would be released prior to the Listing.

(c) *Compensation of key management personnel*

The remuneration of key management personnel which represents the directors of the Company and key executives of the Group during the Track Record Period was as follows:

	Year ended 31 December			For the three-month period ended 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Salaries, bonus and other allowances	7,497	11,997	18,660	3,210
Retirement benefit scheme contributions	412	421	503	154
Equity-settled share-based payment expenses	6,653	4,064	–	–
	14,562	16,482	19,163	3,364

The remuneration of directors and key executives is determined having regard to the performance of individuals and market trends.

38. FINANCIAL INFORMATION OF THE COMPANY

(a) Investment in a subsidiary

	As at 31 December			As at 31 March
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted shares, at cost.	7	7	7	9,318,225

Investment in a subsidiary represents the investment cost in Fangyou (BVI).

(b) Movements of the Company's reserves

	Share premium	Other reserves	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015	–	–	(77)	(77)
Loss and total comprehensive expense for the year	–	–	(17)	(17)
At 31 December 2015.	–	–	(94)	(94)
Loss and total comprehensive expense for the year	–	–	(20)	(20)
At 31 December 2016.	–	–	(114)	(114)
Loss and total comprehensive expense for the year	–	–	(15)	(15)
Conditional issue of shares (<i>note 27</i>) . .	–	(9)	–	(9)
At 31 December 2017.	–	(9)	(129)	(138)
Loss and total comprehensive expense for the period	–	–	(31,972)	(31,972)
Conversion of conditional investment fund received into share premium. . .	1,229,977	9	–	1,229,986
Capital contribution received from the immediate parent of the Company. . .	–	8,357,013	–	8,357,013
At 31 March 2018	1,229,977	8,357,013	(32,101)	9,554,889
For the three-month period ended 31 March 2017 (unaudited)				
At 1 January 2017.	–	–	(114)	(114)
Profit and total comprehensive income for the period	–	–	1	1
At 31 March 2017	–	–	(113)	(113)

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES

During the Track Record Period and as at the date of this report, the Company has direct and indirect equity interests in the following principal subsidiaries.

Name of subsidiaries	Date and place of incorporation/ establishment	Issued and fully paid share capital/registered capital	Equity interest attributable to the Group as at				Date of this report	Principal activities	Notes
			31 December			31 March			
			2015	2016	2017	2018			
			(note 1)	(note 1)					
Directly held									
Fangyou (BVI)	BVI, 8 February 2010	USD1,000	100%	50%	50%	100%	100%	Investment holding	<i>l</i>
Indirectly held									
Hangzhou E-House Yongchuang Real Estate Sales and Marketing Co., Ltd (杭州易居永創房地產營銷策劃有限公司) ("Hangzhou Yongchuang")	Hangzhou, The PRC, 18 July 2008	RMB5,000,000	100%	50%	50%	100%	100%	Real estate agents	<i>c</i>
Wuhan E-House Investment Co., Ltd [#] (武漢易居投資有限公司) ("Wuhan E-House")	Wuhan, The PRC, 15 January 2004	RMB5,000,000	100%	50%	50%	100%	100%	Real estate sales, real estate agent	<i>d</i>
Henan E-House Real Estate Consultancy Co., Ltd. [#] (河南易居房地產顧問有限公司) ("Henan Yiju")	Zhengzhou, The PRC, 7 July 2005	RMB2,000,000	100%	50%	50%	100%	100%	Real estate agents, real estate marketing	<i>e</i>
Tianjin Jinyue	Tianjin, The PRC, 19 February 2008	RMB103,878,000	100%	50%	50%	100%	100%	Real estate marketing, real estate agent	<i>f</i>
Shanghai E-House Xiangyue Real Estate Sales Co., Ltd (上海易居祥悅房地產銷售有限公司) (Yijuxiangyue)	Shanghai, The PRC, 18 January 2010	RMB50,000,000	100%	50%	50%	100%	100%	Real estate marketing	<i>i</i>
Hainan E-House Tourism Real Estate Brokerage Co., Ltd [#] (海南易居旅遊地產經紀有限公司) ("Hainan Yiju")	Hainan, The PRC, 9 June 2010	RMB20,000,000	100%	50%	50%	100%	100%	Tourism real estate agents	<i>g</i>
Shanxi E-House Jinyue Real Estate Brokerage Co., Ltd [#] (山西易居金岳房地產經紀有限公司)	Shanxi, The PRC, 31 January 2013	RMB3,000,000	100%	50%	50%	100%	100%	Real estate agents, real estate information consulting	<i>l</i>
PRC Holdco	Shanghai, The PRC, 3 July 2006	RMB660,000,000	100%	50%	50%	100%	100%	Technology development	<i>j</i>
Nanjing Jinyue Real Estate Sales Co., Ltd [#] (南京金岳房地產銷售有限公司)	Nanjing, The PRC, 29 April 2004	RMB5,000,000	100%	50%	50%	100%	100%	Real estate sales agents	<i>l</i>
Anhui E-House Jinyue Real Estate Sales and Marketing Co., Ltd [#] (安徽易居金岳房地產營銷策劃有限公司)	Anhui, The PRC, 25 August 2015	RMB5,000,000	100%	50%	50%	100%	100%	Real estate marketing, real estate agents	<i>l</i>
Shanghai Dacheng Real Estate Brokerage Co., Ltd [#] (上海大乘房地產經紀有限公司) ("Dacheng")	Shanghai, The PRC, 16 November 2015	RMB50,000,000	100%	50%	50%	100%	100%	Real estate marketing	<i>h</i>
Jinan Jinyue Real Estate Brokerage Co., Ltd [#] (濟南金岳房地產經紀有限公司)	Jinan, The PRC, 27 May 2003	RMB5,000,000	100%	50%	50%	100%	100%	Real estate agents	<i>l</i>
Shanxi E-House Real Estate Investment Consultancy Co., Ltd [#] (陝西易居不動產投資顧問有限公司)	Shaanxi, The PRC, 4 December 2006	RMB3,000,000	100%	50%	50%	100%	100%	Real estate marketing agents, real estate information	<i>l</i>
Zhongfangyanxie	Beijing, The PRC, 17 August 2010	RMB30,000,000	51%	25.5%	25.5%	51%	51%	Information development, consulting	<i>k</i>

English name is for identification purpose only

English name is for identification purpose only

Notes:

- (1) On 31 October 2016, PRC Holdco's immediate holding company, CRE BVI, had transferred its 50% equity interest of PRC Holdco in aggregate to a number of independent third parties without losing control. As a result, the Group's equity interest attributable to owner of the Company reduced by 50% as at 31 December 2016 and 2017.

On 3 March 2018, Hong Kong Fangyou, a wholly-owned subsidiary of the Company, acquired 50% equity interests of PRC Holdco from CRE BVI and 50% equity interest of PRC Holdco from a number of independent third parties. As a result, the Group's equity interest attributable to owners of the Company increased from 50% to 100% as at 31 March 2018.

- (a) The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.
- (b) Each of the Company and its subsidiaries has adopted 31 December as its financial year end date.
- (c) The statutory financial statements of Hangzhou Yongchuang for the year ended 31 December 2015 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Zhejiang Xinghe Certified Public Accountants (浙江興合會計師事務所有限公司), a certified public accountant registered in the PRC. No audited statutory financial statements have been prepared for the year ended 31 December 2016 and 2017 as they are not mandatory to issue audited financial statements under the local statutory requirements.
- (d) The statutory financial statements of Wuhan E-House for the year ended 31 December 2015, 2016 and 2017 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Wuhan Jingwei Certified Public Accountants (武漢經緯會計師事務所有限公司), a certified public accountant registered in the PRC.
- (e) The statutory financial statements of Henan Yiju for the year ended 31 December 2015, 2016 and 2017 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Henan Shengmeng Certified Public Accountants (河南勝盟聯合會計師事務所), a certified public accountant registered in the PRC.
- (f) The statutory financial statements of Tianjin Jinyue for the year ended 31 December 2015, 2016 and 2017 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Tianjin Boda Certified Public Accountants (天津市博達有限責任會計師事務所), a certified public accountant registered in the PRC.
- (g) The statutory financial statements of Hainan Yiju for the year ended 31 December 2015, 2016 and 2017 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Hainan BDO Shu Lun Pan Certified Public Accountants LLP (海南立信長江會計師事務所), a certified public accountant registered in the PRC.
- (h) The statutory financial statements of Dacheng for the year ended 31 December 2015, 2016 and 2017 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Shanghai HDDY Certified Public Accountants (上海宏大東亞會計師事務所), a certified public accountant registered in the PRC.
- (i) The statutory financial statements of Yijuxiangyue for the year ended 31 December 2015 and 2016 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Shanghai Wenhui Certified Public Accountants LLP (上海文匯會計師事務所), a certified public accountant registered in the PRC. The statutory financial statements of Yijuxiangyue for the year ended 31 December 2017 was prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Shanghai HDDY Certified Public Accountants Co., LTD. (上海宏大東亞會計師事務所), a certified public accountant registered in the PRC.
- (j) The statutory financial statements of PRC Holdco for the year ended 31 December 2015, 2016 and 2017 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Shanghai HDDY Certified Public Accountants Co., LTD. (上海宏大東亞會計師事務所), a certified public accountant registered in the PRC.
- (k) The statutory financial statements of Zhongfangyanxie for the year ended 31 December 2015 and 2016 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Shanghai HDDY Certified Public Accountants Co., LTD. (上海宏大東亞會計師事務所), a certified public accountant registered in the PRC. The statutory financial statements of Zhongfangyanxie for the year ended 31 December 2017 was prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Beijing Zhongxuan Union Certified Public Accountants Co., LTD. (北京中燾聯盟會計師事務所), a certified public accountant registered in the PRC.
- (l) No audited statutory financial statements have been prepared since the date of the establishment as there is no such statutory requirement.

None of the subsidiaries of the Group had issued any debt securities during the Track Record Period.

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests				Profit (loss) allocated to non-controlling interests					Accumulated non-controlling interests			
						31/3/2017								
		31/12/2015	31/12/2016	31/12/2017	31/3/2018	31/12/2015	31/12/2016	31/12/2017	(unaudited)	31/3/2018	31/12/2015	31/12/2016	31/12/2017	31/3/2018
PRC Holdco*	Shanghai, The PRC	nil	50%	50%	–	–	64,715	350,025	56,011	32,648	–	700,611	1,047,636	–
Included in the non-controlling interests of PRC														
Holdco and its subsidiaries														
Non-wholly owned subsidiaries of PRC														
Holdco						11,945	20,485	63,261	23,087	25,852	53,759	55,567	89,877	115,729
						11,945	85,200	413,286	79,098	58,500	53,759	756,178	1,137,513	115,729

* excluding non-controlling interests of non-wholly owned subsidiaries of PRC Holdco.

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below.

	As at 31 December 2016	As at 31 December 2017	As at 31 March 2018
PRC Holdco and its subsidiaries	RMB'000	RMB'000	RMB'000
Current assets.	3,721,949	4,423,291	5,339,318
Non-current assets	483,171	642,556	613,869
Current liabilities.	(2,747,965)	(2,904,479)	(2,559,167)
Non-current liabilities.	(366)	(219)	(183)
Equity attributable to owners of the Company	700,611	1,023,636	3,278,108
Non-controlling interests of PRC Holdco (excluding those related to PRC Holdco's non-wholly owned subsidiaries) . . .	700,611	1,047,636	–
Non-controlling interests of PRC Holdco's non-wholly owned subsidiaries.	55,567	89,877	115,729

APPENDIX I

ACCOUNTANTS' REPORT

	For the period from 1 November 2016 to 31 December 2016	For the year ended 31 December 2017	For the three- month period ended 31 March 2017 (unaudited)	For the three-month period ended 31 March 2018
	RMB'000	RMB'000	RMB'000	RMB'000
PRC Holdco and its subsidiaries				
Revenue.	986,924	4,633,193	854,794	930,202
Expenses	(854,795)	(3,869,882)	(719,685)	(744,989)
Profit and total comprehensive income for the period/year	132,129	763,311	135,109	185,213
Profit and total comprehensive income attributable to owners of the Company	64,715	350,025	56,011	126,713
Profit and total comprehensive income attributable to the non-controlling interests of PRC Holdco (excluding those related to PRC Holdco's non-wholly owned subsidiaries)	64,715	350,025	56,011	32,648
Profit and total comprehensive income attributable to the non-controlling interests of PRC Holdco's non-wholly owned subsidiaries	2,699	63,261	23,087	25,852
Profit and total comprehensive income for the period/year	132,129	763,311	135,109	185,213
	For the period from 1 November 2016 to 31 December 2016	For the year ended 31 December 2017	For the three- month period ended 2017 (unaudited)	For the three-month period ended 31 March 2018
	RMB'000	RMB'000	RMB'000	RMB'000
PRC Holdco and its subsidiaries				
Dividends paid to non-controlling interests of PRC Holdco	(15,247)	(28,951)	–	–
Net cash inflow (outflow) from operating activities	572,124	(56,809)	174,560	45,563
Net cash inflow (outflow) from investing activities	1,979	4,572	(4,420)	(1,281)
Net cash (outflow) inflow from financing activities	(120,207)	(150,469)	49,960	91,642
Net cash inflow (outflow)..	453,896	(202,706)	220,100	135,924

APPENDIX I

ACCOUNTANTS' REPORT

Summarised financial information of Zhongfangyanxie and its subsidiary, being a significant component of the non-wholly owned subsidiary of PRC Holdco. The summarised financial information below presented amounts before intra-group eliminations.

Zhongfangyanxie and its subsidiary	As at 31 December 2015	As at 31 December 2016	As at 31 December 2017	As at 31 March 2018
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	93,644	123,087	194,395	281,440
Non-current assets	11,501	8,116	2,840	3,945
Current liabilities	(13,402)	(20,499)	(17,419)	(46,905)
Equity attributable to owners of the Company	46,789	56,459	91,706	121,625
Non-controlling interests of Zhongfangyanxie	44,954	54,245	88,110	116,855

Zhongfangyanxie and its subsidiary	For the year ended 31 December 2015	For the year ended 31 December 2016	For the year ended 31 December 2017	For the three- month period ended 31 March 2017 (unaudited)	For the three- month period ended 31 March 2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	92,559	108,012	209,099	71,454	81,504
Expenses	(63,841)	(57,934)	(87,903)	(25,254)	(22,839)
Profit and total comprehensive income for the year/period . . .	28,718	50,078	121,196	46,200	58,665
Profit and total comprehensive income attributable to owners of the Company	14,646	25,540	61,810	23,562	29,919
Profit and total comprehensive income attributable to the non- controlling interests of Zhongfangyanxie	14,072	24,538	59,386	22,638	28,746
Profit and total comprehensive income for the year/period . . .	28,718	50,078	121,196	46,200	58,665
Dividends paid to non-controlling interests of Zhongfangyanxie . .	(10,347)	(15,247)	(25,521)	–	–
Net cash inflow from operating activities	45,133	60,682	122,192	37,681	87,099
Net cash outflow from financing activities	(21,291)	(31,669)	(52,398)	–	–
Net cash inflow	23,842	29,013	69,794	37,681	87,099

41. MAJOR NON-CASH TRANSACTIONS

During the years ended 31 December 2015, 2016 and 2017 and the three-month period ended 31 March 2018, the major non-cash transactions mainly include the addition of investment properties which were collateral previously obtained and were transferred from property developer customers as settlement of the Group's outstanding accounts receivables in the amount of RMB18,655,000, RMB13,794,000, RMB11,940,000 and nil, respectively. Details of the arrangement are set out in note 20.

42. DIRECTORS' REMUNERATION

Under the arrangement currently in force, each of the aggregate amount of the directors' remuneration and benefits in kind for the year ending 31 December 2018 is estimated to be approximately RMB6 million (excluding discretionary bonus).

43. EVENTS AFTER REPORTING PERIOD

Subsequent to the end of the reporting period, on 20 April 2018, the pre-IPO share option scheme was conditionally approved and adopted by the Board of Directors of the Company. In addition, the post-IPO share option scheme was conditionally adopted by the Company. The principal terms of the pre-IPO and post-IPO share option schemes are set out in the section headed "Statutory and General Information" in Appendix IV to the Prospectus.

44. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 March 2018 and up to the date of this report.

The information set forth in this Appendix does not form part of the accountants' report on the historical financial information of the Group for each of the three years ended 31 December 2017 and for the three-month period ended 31 March 2018 (the "Track Record Period") (the "Accountants' Report") prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this document, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" and the Accountants' Report set forth in Appendix I to this document.

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

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company which has been prepared in accordance with paragraph 4.29 of the Listing Rules is for the purpose of illustrating the effect of the proposed global offering and listing of the Company's shares on the Stock Exchange of Hong Kong Limited (the "Global Offering") as if it had taken place on 31 March 2018.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the Global Offering been completed on 31 March 2018 or at any future dates. It is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2018 as shown in the Accountants' Report of the Group as set out in Appendix I to this document, and adjusted as described below.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2018	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2018	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 31 March 2018	
	RMB'000	RMB'000	RMB'000	RMB	HK\$
	(Note 1)	(Note 2)		(Note 3)	(Note 4)
Based on Offer Price of HK\$14.38 per Offer Share	2,981,469	3,570,283	6,551,752	4.46	5.57
Based on Offer Price of HK\$17.68 per Offer Share	2,981,469	4,398,345	7,379,814	5.03	6.28

Notes:

1. The consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2018 is arrived at after deducting the amount of goodwill attributable to owners of the Company of RMB5,109,000 and the amount of intangible assets attributable to owners of the Company of RMB4,488,000 from the audited consolidated net assets of RMB2,986,268,000 attributable to owners of the Company as at 31 March 2018 as extracted from the Accountants' Report set out in Appendix I to this document.
2. The estimated net proceeds from the Global Offering are based on 322,836,000 new Shares to be issued under the Global Offering and the Offer Price of HK\$14.38 and HK\$17.68 per new Share, being the lower and higher end of the Offer Price Range, after deduction of the estimated underwriting fees and other related expenses (and without deducting any additional discretionary incentive fees) not yet recognised in profit or loss up to 31 March 2018. It does not take into account of any Shares which may be allotted and issued pursuant to the exercise of the Over-Allotment Option or the options granted under the Pre-IPO Share Option Scheme or the options which may be granted under the Post-IPO Share Option Scheme and any Shares which may be issued or repurchased by the Company pursuant to the "General Mandate to Issue Shares" or "General Mandate to Repurchase Shares" detailed under the section headed "Share Capital" in this document, as applicable.

For the purpose of this unaudited pro forma statement, the estimated net proceeds is converted from Hong Kong dollars into Renminbi ("RMB") at the rate of HK\$1.2480 to RMB1.00 on 31 March 2018. No representation is made that Hong Kong dollar amounts have been, could have been or could be converted to RMB, or vice versa, at that rate or at any other rates or at all.

3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 31 March 2018 is calculated based on 1,467,436,000 Shares in issue immediately following the completion of the Global Offering. It does not take into account of any Shares which may be allotted and issued pursuant to the exercise of the Over-Allotment Option or the options granted under the Pre-IPO Share Option Scheme or the options which may be granted under the Post-IPO Share Option Scheme and any Shares which may be issued or repurchased by the Company pursuant to the "General Mandate to Issue Shares" or "General Mandate to Repurchase Shares" detailed under the section headed "Share Capital" in this document, as applicable.
4. The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 31 March 2018 is converted from RMB into Hong Kong dollars at the rate of RMB1.00 to HK\$1.2480 on 31 March 2018. No representation is made that the RMB amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate or at other rates or at all.
5. No adjustments have been made to the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2018.

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

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this document.

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

To the Directors of E-House (China) Enterprise Holdings Limited (formerly known as “Fangyou Information Technology Company Limited”)

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of E-House (China) Enterprise Holdings Limited (formerly known as “Fangyou Information Technology Company Limited”) (the “Company”), its subsidiaries and the primary real estate agency services carry out by E-House (China) Enterprise Management Group Co., Ltd.[#] (易居(中國)企業管理集團有限公司) (formerly known as Shanghai Real Estate Sales (Group) Co., Ltd.[#] (上海房屋銷售(集團)有限公司)) and Beijing EJU Enterprise Management Consulting Co., Ltd.[#] (北京易傑優企業管理諮詢有限公司) (formerly known as Beijing Jinyue Real Estate Brokerage Co., Ltd.[#] (北京金岳房地產經紀有限公司)) (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 31 March 2018 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 10 July 2018 (the “Prospectus”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed global offering and listing of the Company's shares on the Stock Exchange of Hong Kong Limited (the “Global Offering”) on the Group's financial position as at 31 March 2018 as if the Global Offering had taken place at 31 March 2018. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for each of the three years ended 31 December 2017 and the three-month period ended 31 March 2018, on which an accountants' report set out in Appendix I to the Prospectus has been published.

[#] English name is for identification purpose only

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

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

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA 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, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

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

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2018 would have been as presented.

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

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

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

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

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

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, 10 July 2018

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 22 February 2010 under Cayman Companies Law. The Company's constitutional documents consist of its Memorandum and its Articles.

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1. Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on 4 July and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix V in the section headed "Documents available for inspection".

2. Articles of Association

The Articles of Association of the Company were conditionally adopted on 4 July 2018 and include provisions to the following effect:

2.1 Classes of Shares

The share capital of the Company consists of ordinary shares. The capital of the Company at the date of adoption of the Articles is US\$50,000 divided into 5,000,000,000 shares of US\$0.00001 each.

2.2 Directors

(a) Power to allot and issue Shares

Subject to the provisions of the Companies Law and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any

share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Companies Law and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

(b) Power to dispose of the assets of the Company or any subsidiary

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Companies Law expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Law and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) Compensation or payment for loss of office

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

(d) Loans to Directors

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) Financial assistance to purchase Shares

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

- (i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:
 - (A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or

- (B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(g) Remuneration

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) Retirement, appointment and removal

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). The Company may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed. The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

- (i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;
- (ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;
- (iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;

- (iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;
- (vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or
- (vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) Borrowing powers

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) Proceedings of the Board

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.3 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.4 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Law, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorised representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 Alteration of capital

The Company may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;
- (b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Law; and

- (c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Companies Law.

2.6 Special resolution – majority required

A “special resolution” is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Law, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an “ordinary resolution” is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.7 Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorised in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorisation, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.8 Annual general meetings

The Company shall hold a general meeting as its annual general meeting each year, within a period of not more than 15 months after the holding of the last preceding annual general meeting (or such longer period as the Stock Exchange may authorise). The annual general meeting shall be specified as such in the notices calling it.

2.9 Accounts and audit

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Law.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection by members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Law or any other relevant law or regulation or as authorised by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

The Company shall at every annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

2.10 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

2.11 Transfer of shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

- (a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is properly stamped (in circumstances where stamping is required);
- (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;
- (e) the shares concerned are free of any lien in favour of the Company; and
- (f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

2.12 Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as cancelled upon the repurchase.

2.13 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.14 Dividends and other methods of distribution

Subject to the Companies Law and the Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them any dividend which may be at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to

cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.15 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorised in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any

adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.16 Calls on shares and forfeiture of shares

The Directors may from time to time make calls upon the members of the Company in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by instalments and shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share or other monies due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or instalment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or instalment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.17 Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Directors may determine for each inspection.

2.18 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.

2.19 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.20 Procedure on liquidation

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Law, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Law, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.21 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION**1 Introduction**

The Companies Law is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Law and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 22 February 2010 under the Companies Law. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

3 Share Capital

The Companies Law permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the “share premium account”. At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law);
- (d) writing-off the preliminary expenses of the company;
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and
- (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company

redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Law contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Law requires that a company shall cause to be kept proper books of account with respect to:

- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the company; and
- (c) the assets and liabilities of the company.
- (d) Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of Books and Records

Members of a company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11 Special Resolutions

The Companies Law provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Law does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) “consolidation” means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company’s articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

19 Taxation

Pursuant to section 6 of the Tax Concessions Law (2018 Revision) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
 - (i) on or in respect of the shares, debentures or other obligations of the Company; or
 - (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2018 Revision).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

20 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES**Incorporation**

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on 22 February 2010 as Fangyou Information Technology Company Limited. Upon our incorporation, the authorised share capital of our Company was US\$50,000 divided into 50,000 ordinary shares with a par value of US\$1.00 each.

Our registered office address is at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. Accordingly, our Company's corporate structure and Memorandum and Articles are subject to the relevant laws of the Cayman Islands. A summary of our Memorandum and Articles is set out in Appendix III.

Our registered place of business in Hong Kong is at 18/F, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong. We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 20 April 2018 with the Registrar of Companies in Hong Kong. Mr. Cheng Ching Kit has been appointed as the authorised representative of our Company for the acceptance of service of process in Hong Kong. The address for service of process is 18/F, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong.

As at the date of this document, our Group's head office is located at 11/F, Qiushi Building, 383 Guangyan Road, Jing'an District, Shanghai 200072, China.

Changes in share capital

The following sets out the changes in the share capital of our Company during the two years immediately preceding the date of this document:

- (a) On 6 November 2017, each issued and unissued share of our Company of US\$1.00 par value each was subdivided into 100,000 shares of US\$0.00001 par value each, such that the authorised share capital of our Company was US\$50,000.00 divided into 5,000,000,000 shares of US\$0.00001 par value each.
- (b) On 6 November 2017, our Company issued 900,000,000 shares to CRE Corp.
- (c) On 1 December 2017, our Company issued shares in the following manner:
 - (i) 48,200,000 to Captain Valley (Cayman) Limited;
 - (ii) 48,200,000 to Heyday Surge Limited; and
 - (iii) 48,200,000 to Jovial Idea Developments Limited.

Save as disclosed above there has been no alteration in the share capital of our Company during the two years immediately preceding the date of this document.

Changes in the share capital of our subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in note 39 to the Accountants' Report in Appendix I to this document.

Save for the subsidiaries mentioned in the Accountants' Report set out in Appendix I, our Company has no other subsidiaries.

The following sets out the changes in the share capital of our subsidiaries during the two years immediately preceding the date of this document:

PRC Holdco

- On 22 December 2016, the registered capital of PRC Holdco was increased from US\$30 million to RMB660 million.

Shanghai Dacheng Real Estate Brokerage Co., Ltd.

- On 8 April 2016, the registered capital of Shanghai Dacheng Real Estate Brokerage Co., Ltd. (上海大乘房地產經紀有限公司) was increased from RMB5 million to RMB50 million.

Beijing Hongju Real Estate Brokerage Co., Ltd.

- On 14 May 2018, the registered capital of Beijing Hongju Real Estate Brokerage Co., Ltd. (北京宏居房地產經紀有限公司) was increased from RMB0.5 million to RMB3 million.

Save as disclosed above, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this document.

Our Corporate Reorganisation

The companies comprising our Group underwent a reorganisation in preparation for the Listing. Please refer to the section headed "History, Reorganisation and Corporate Structure" for further details.

Resolutions of the Shareholders of our Company dated 4 July 2018

Written resolutions of our Shareholders were passed on 4 July 2018, pursuant to which, among others:

- (a) conditional on (i) the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as stated in this document and such listing and permission not subsequently having been revoked prior to the commencement of dealing in the Shares on the Stock Exchange; (ii) the Offer Price having been determined; and (iii) the obligations of the Underwriters under each of the Underwriting Agreements becoming unconditional (including if relevant, as a result of the waiver of any condition(s) thereunder) and such obligations not having been terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements;
 - (i) the Listing, the Global Offering and the Over-allotment Option were approved, our Directors were authorised to negotiate and agree the Offer Price, and our Directors were authorised to allot and issue the Offer Shares (including the Shares to be allotted and issued pursuant to the exercise of the Over-allotment Option);
 - (ii) a general unconditional mandate (the “**Issue Mandate**”) was given to our Directors to exercise all the powers of our Company to allot, issue and deal with any Shares or securities convertible into Shares and to make or grant offers, agreements or options which would or might require Shares to be allotted and issued or dealt with, such member of Shares shall not exceed 20% of the total number of Shares in issue immediately following the completion of the Global Offering (excluding any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option and any options granted or which may be granted under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme);
 - (iii) a general unconditional mandate (the “**Repurchase Mandate**”) was given to our Directors to exercise all powers of our Company to repurchase our own Shares on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the total number of Shares in issue immediately following the completion of the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options granted or which may be granted under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme); and

- (iv) the Issue Mandate was extended by the addition to the total number of Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the total number of Shares purchased by our Company pursuant to the Repurchase Mandate (up to 10% of the total number of Shares in issue immediately following the completion of the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options granted or which may be granted under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme));
- (b) our Company conditionally approved and adopted the Memorandum and the Articles with effect from the Listing.

Each of the general mandates referred to in sub-paragraphs (a)(ii), (a)(iii), and (a)(iv) above will remain in effect until whichever is the earliest of:

- the conclusion of the next annual general meeting of our Company;
- the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association; and
- the passing by an ordinary resolution in a general meeting revoking or varying such mandate.

Repurchase of our own securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this document concerning the repurchase of our own securities.

Provision of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our Shareholders on 4 July 2018, the Repurchase Mandate was given to our Directors authorising them to exercise all the powers of our Company to repurchase Shares on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the total number of Shares in issue immediately following the completion of the Global Offering (excluding any Shares which may be issued under the Over-allotment Option and any options which may have been granted under the share option scheme), with such mandate to expire at the earliest of (i) the conclusion of the next annual general meeting of our Company (ii) the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association, and (iii) the passing by an ordinary resolution in a general meeting revoking or varying such mandate.

Source of funds

Purchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association and the applicable Laws of Hong Kong and the Cayman Islands. A listed company may not purchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. As a matter of Cayman law, any purchases by the Company may be made out of profits or out of the proceeds of a new issue of shares made for the purpose of the purchase or from sums standing to the credit of our share premium account or out of capital, if so authorised by the Articles of Association and subject to the Cayman Companies Law. Any premium payable on the purchase over the par value of the shares to be purchased must have been provided for out of profits or from sums standing to the credit of our share premium account or out of capital, if so authorised by the Articles of Association and subject to the Cayman Companies Law.

Trading restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

Status of repurchased Shares

The listing of all purchased securities (whether on the Stock Exchange or otherwise) is automatically cancelled and the relative certificates must be cancelled and destroyed. Under the laws of the Cayman Islands, unless, prior to the purchase the directors of the Company resolve to hold the shares purchased by the Company as treasury shares, shares purchased by the Company shall be treated as cancelled and the amount of the Company's issued share capital shall be diminished by the nominal value of those shares. However, the purchase of shares will not be taken as reducing the amount of the authorised share capital under Cayman law.

Suspension of repurchase

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

Core connected persons

The Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a "core connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them (as defined in the Listing Rules) and a core connected person shall not knowingly sell their securities to the company.

Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have a general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and Shareholders.

Funding of repurchases

Repurchase of the Shares must be funded out of funds legally available for such purpose in accordance with the Articles of Association and the applicable laws of the Cayman Islands. Our Directors may not repurchase the Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, our Directors may make repurchases with profits of the Company or out of a new issuance of shares made for the purpose of the repurchase or from sums standing to the credit of our share premium account or, if authorised by the Articles of Association and subject to the Cayman Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorised by the Articles of Association and subject to Cayman Companies Law, out of capital.

However, our Directors do not propose to exercise the general mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing levels which, in the opinion of our Directors, are from time to time appropriate for the Company.

General

The exercise in full of the Repurchase Mandate, on the basis of 1,467,436,000 Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option and options granted or which may be granted under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme are not exercised), could accordingly result in up to approximately 146,743,600 Shares being repurchased by our Company during the period prior to the earliest of:

- the conclusion of the next annual general meeting of our Company;
- the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association; and
- the passing by an ordinary resolution in a general meeting revoking or varying such mandate.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be granted other than in exceptional circumstances.

No core connected person of our Company has notified our Company that they have a present intention to sell Shares to our Company, or have undertaken not to do so, if the Repurchase Mandate is exercised.

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this document and are or may be material:

- (a) the investors' rights agreement dated 16 March 2018 entered into between (i) Mr. Zhou Xin, (ii) China Real Estate Information Corporation, (iii) Captain Valley (Cayman) Limited, (iv) Country Garden (Hong Kong) Development Company Limited 碧桂園(香港)發展有限公司, (v) Jovial Idea Developments Limited 樂意發展有限公司, (vi) Paving Stone Holding Limited, (vii) Kanrich Holdings Limited, (viii) Mr. Wong Man Chai 黃文仔, (ix) Advance Power International Limited, (x) Smart Master International Limited, (xi) Dragon Power Group Holdings Limited, (xii) Great Dawn Investments Limited 鴻昕投資有限公司, (xiii) Green Prosper Investments Limited 翠亨投資有限公司, (xiv) Shining Wish Investment Limited 榮願投資有限公司, (xv) Regal Ace Holdings Limited, (xvi) Spectron Enterprises Limited, (xvii) Benefit Ocean Limited 潤洋有限公司, (xviii) Foruis (BVI) Limited, (xix) Precise Wish Limited 騰福有限公司, (xx) Dingxin Company Limited, (xxi) Everland Development Limited 恒地發展有限公司, (xxii) Zhenro International Limited, (xxiii) Joy Town Inc., (xxiv) THAIHOT Group Development Company

Limited 泰禾集團發展有限公司, (xxv) Faithful Gem Limited, (xxvi) HK Fortune Fate Int'l Investment Limited 香港福晟國際投資有限公司, (xxvii) Hong Kong JunFa Property Company Limited 香港俊發地產有限公司, (xxviii) Hong Kong Oeming Enterprise Management Limited 香港澳銘企業管理有限公司, (xxix) Hong Yuan International Holdings Limited 弘源國際控股有限公司, (xxx) Matrix Harvest Limited 同新有限公司, (xxxi) Skill Able Investments Limited 艺佳投資有限公司, (xxxii) Grande Worldwide Enterprises Investment Limited 君悅環球企業投資有限公司, (xxxiii) Ocean Access Holdings Limited 達海集團有限公司, (xxxiv) Prance Thrive Limited 躍盛有限公司, (xxxv) Rome Max Investment Limited, and (xxxvi) the Company, to govern their interests in the Company;

- (b) the Hong Kong Underwriting Agreement;
- (c) a cornerstone investment agreement dated 3 July 2018 entered into between the Company, Taobao China Holding Limited 淘寶中國控股有限公司 and China International Capital Corporation Hong Kong Securities Limited, pursuant to which Taobao China Holding Limited 淘寶中國控股有限公司 has agreed to, among other things, subscribe for the ordinary shares of US\$0.00001 each in the share capital of the Company, at the Offer Price, in the amount of the Hong Kong dollar equivalent of US\$50,000,000;
- (d) a cornerstone investment agreement dated 4 July 2018 entered into between the Company, Successful Lotus Limited, China International Capital Corporation Hong Kong Securities Limited, Credit Suisse (Hong Kong) Limited and The Hongkong and Shanghai Banking Corporation Limited, pursuant to which Successful Lotus Limited has agreed to, among other things, subscribe for the ordinary shares of US\$0.00001 each in the share capital of the Company, at the Offer Price, in the amount of HK\$300,000,000;
- (e) a cornerstone investment agreement dated 5 July 2018 entered into between the Company, City Legend International Limited 华昌国际有限公司 and China International Capital Corporation Hong Kong Securities Limited, pursuant to which City Legend International Limited 华昌国际有限公司 has agreed to, among other things, subscribe for 73,371,900 ordinary shares of US\$0.00001 each in the share capital of the Company, at the Offer Price; and
- (f) a cornerstone investment agreement dated 4 July 2018 entered into between the Company, Educado Company Limited, China International Capital Corporation Hong Kong Securities Limited, Credit Suisse (Hong Kong) Limited and The Hongkong and Shanghai Banking Corporation Limited, pursuant to which Educado Company Limited has agreed to, among other things, subscribe for the ordinary shares of US\$0.00001 each in the share capital of the Company, at the Offer Price, in the amount of HK\$237,810,000.

Intellectual property rights


Save as disclosed below, as of the Latest Practicable Date, there were no other trademarks, service marks, patents, intellectual property rights, or industrial property rights which are or may be material in relation to our business.

Trademarks registered in China

As at the Latest Practicable Date, we had registered the following trademarks in China which we consider to be or may be material to our business:

No.	Trademark	Registered owner	Class	Registration number	Expiry date (dd/mm/yyyy)
1.	E-HOUSE	PRC Holdco	35	6024702	06/05/2020
2.		PRC Holdco	36	6024701	20/07/2020
3.		PRC Holdco	41	6024699	06/05/2020
4.		PRC Holdco	43	6024697	13/06/2020
5.		PRC Holdco	45	6024696	06/03/2020
6.		PRC Holdco	36	3045432	20/05/2023
7.	克而瑞	PRC Holdco	42	17056691	27/09/2026
8.	克而瑞	PRC Holdco	9	13985210	06/07/2025
9.		PRC Holdco	36	13985226	27/07/2025
10.	克而瑞	PRC Holdco	9	7376214	06/04/2025
11.		PRC Holdco	16	7376225	20/08/2020
12.		PRC Holdco	19	7376232	20/08/2020
13.		PRC Holdco	35	7376239	20/10/2020
14.		PRC Holdco	36	7376245	20/08/2024
15.		PRC Holdco	37	7376256	06/04/2021
16.		PRC Holdco	38	7383603	20/10/2020
17.		PRC Holdco	41	7376277	06/12/2020
18.	CRIC	PRC Holdco	9	7376283	13/12/2020
19.		PRC Holdco	16	7378557	06/10/2022
20.		PRC Holdco	19	7378634	27/10/2020
21.		PRC Holdco	41	7378655	20/02/2021
22.	克而瑞	PRC Holdco	1	8482647	27/07/2021
23.		PRC Holdco	2	8482746	27/07/2021
24.		PRC Holdco	6	8482782	27/07/2021
25.		PRC Holdco	7	8482834	27/07/2021
26.		PRC Holdco	20	8482861	27/07/2021
27.		PRC Holdco	31	8482889	13/09/2021
28.		PRC Holdco	39	8482918	27/07/2021
29.		PRC Holdco	9	8483470	27/05/2022
30.		PRC Holdco	16	8483501	06/10/2022
31.		PRC Holdco	19	8483547	27/07/2021
32.		PRC Holdco	41	8486213	27/07/2021
33.		PRC Holdco	9	8486271	13/01/2024
34.		PRC Holdco	16	8486315	27/07/2021

No.	Trademark	Registered owner	Class	Registration number	Expiry date (dd/mm/yyyy)
35.		PRC Holdco	19	8486347	27/07/2021
36.		PRC Holdco	35	8486374	13/08/2021
37.		PRC Holdco	36	8486415	20/08/2021
38.		PRC Holdco	37	8486440	27/09/2021
39.		PRC Holdco	39	8486486	27/07/2021
40.		PRC Holdco	41	8486247	27/07/2021
41.		PRC Holdco	42	8491060	27/07/2021
42.	房友 Fangyou.com	Shenzhen Fangyou	9	20634198	06/11/2027
43.		Shenzhen Fangyou	38	20635732	06/09/2027
44.		Shenzhen Fangyou	42	20634656	13/11/2027
45.		Shenzhen Fangyou	43	20634828	06/11/2027
46.		Shenzhen Fangyou	9	20634307	06/11/2027
47.		Shenzhen Fangyou	38	20635604	06/09/2027
48.		Shenzhen Fangyou	42	20634675	20/10/2027
49.		Shenzhen Fangyou	43	20634850	06/11/2027
50.	房友	Shenzhen Fangyou	9	20634288	06/11/2027
51.		Shenzhen Fangyou	38	20635535	06/09/2027
52.		Shenzhen Fangyou	42	20634491	06/11/2027
53.		Shenzhen Fangyou	43	20634664	06/11/2027
54.	Fangyou.com	Shenzhen Fangyou	9	20634136	06/09/2027
55.		Shenzhen Fangyou	35	20634329	06/09/2027
56.		Shenzhen Fangyou	36	20634390	06/09/2027
57.		Shenzhen Fangyou	38	20635646	06/09/2027
58.		Shenzhen Fangyou	42	20634578	06/11/2027
59.		Shenzhen Fangyou	43	20634802	06/09/2027
60.		Shenzhen Fangyou	36	18738405	20/05/2027
61.		Shenzhen Fangyou	9	8650614	20/09/2021
62.	FANGYOU	Shenzhen Fangyou	16	8650665	20/09/2021
63.		Shenzhen Fangyou	35	17223404	27/08/2026
64.		Shenzhen Fangyou	36	17223115	27/08/2026
65.		Shenzhen Fangyou	37	17223589	13/09/2026
66.		Shenzhen Fangyou	38	17223552	27/08/2026
67.		Shenzhen Fangyou	41	17223729	27/08/2026
68.		Shenzhen Fangyou	42	17223751	13/12/2026
69.		Shenzhen Fangyou	45	17223750	27/08/2026
70.	易居房友	Shanghai Trading	9	22082928	20/01/2028
71.		Shanghai Trading	35	22083875	20/01/2028
72.		Shanghai Trading	36	22084376	20/01/2028
73.		Shanghai Trading	38	22085057	20/01/2028
74.		Shanghai Trading	42	22085628	20/01/2028
75.		Shanghai Trading	45	22086979	20/01/2028

No.	Trademark	Registered owner	Class	Registration number	Expiry date (dd/mm/yyyy)
76.	易居房友	Shanghai Trading	9	22083197	20/01/2028
77.		Shanghai Trading	35	22084158	20/01/2028
78.		Shanghai Trading	36	22084506	20/01/2028
79.		Shanghai Trading	38	22085168	20/01/2028
80.		Shanghai Trading	42	22085780	20/01/2028
81.		Shanghai Trading	43	22086351	20/01/2028
82.	易居房友	Shanghai Trading	9	22083254	20/01/2028
83.		Shanghai Trading	35	22084214	20/01/2028
84.		Shanghai Trading	36	22084553	20/01/2028
85.		Shanghai Trading	38	22085220	20/01/2028
86.		Shanghai Trading	42	22085790	20/01/2028
87.		Shanghai Trading	43	22086341	20/01/2028
88.	易居房友	Shanghai Trading	9	22083168	20/01/2028
89.		Shanghai Trading	35	22084080	20/01/2028
90.		Shanghai Trading	36	22084519	20/01/2028
91.		Shanghai Trading	38	22084940	20/01/2028
92.		Shanghai Trading	42	22085497	20/01/2028
93.		Shanghai Trading	43	22086169	20/01/2028
94.	易居房友	Shanghai Trading	9	22082159	20/01/2028
95.		Shanghai Trading	35	22083822	20/01/2028
96.		Shanghai Trading	36	22084387	20/01/2028
97.		Shanghai Trading	38	22084789	20/01/2028
98.		Shanghai Trading	42	22085374	20/01/2028
99.		Shanghai Trading	43	22085804	20/01/2028
100.	易居房友	Shanghai Trading	9	21240490	06/01/2027
101.		Shanghai Trading	16	21241624	06/01/2027
102.		Shanghai Trading	35	21240754	06/01/2027
103.		Shanghai Trading	36	21240958	06/01/2027
104.		Shanghai Trading	37	21241116	06/01/2027
105.		Shanghai Trading	38	21241706	06/01/2027
106.		Shanghai Trading	41	21241788	06/01/2027
107.		Shanghai Trading	43	21241803	06/01/2027
108.		Shanghai Trading	45	21241537	06/01/2027
109.		Shanghai Zhuxiang	38	11548748	06/03/2024
		Information Technology Co., Ltd.			
110.		Shanghai Zhuxiang	42	11548770	20/07/2024
		Information Technology Co., Ltd.			

No.	Trademark	Registered owner	Class	Registration number	Expiry date (dd/mm/yyyy)
111.	筑想	Shanghai Zhuxiang Information Technology Co., Ltd.	35	8386310	13/07/2021
112.		Shanghai Zhuxiang Information Technology Co., Ltd.	38	8386453	27/08/2021
113.		Shanghai Zhuxiang Information Technology Co., Ltd.	42	8386433	06/07/2021

Trademarks registered in Hong Kong



As at the Latest Practicable Date, we had no registered trademarks in Hong Kong which we consider to be or may be material to our business.

Trademark applications pending in China

As at the Latest Practicable Date, we had no registered trademarks in China which we consider to be or may be material to our business.

Trademark applications pending in Hong Kong

As at the Latest Practicable Date, we had applied for the registration of the following trademarks in Hong Kong which we consider to be or may be material to our business:

No.	Trademark	Applicant	Class	Application number	Application date
1.	A. 易居企業集團 B. 易居企业集团 (in series)	PRC Holdco PRC Holdco PRC Holdco PRC Holdco	35 36 41 42	304464315	19/03/2018
2.	A.  B.  (in series)	PRC Holdco PRC Holdco PRC Holdco PRC Holdco	35 36 41 42	304464306	19/03/2018
3.	A. E-HOUSE B. E-House (in series)	PRC Holdco PRC Holdco PRC Holdco PRC Holdco	35 36 41 42	304464298	19/03/2018

Copyrights

As at the Latest Practicable Date, we had registered the following copyrights in China which we consider to be or may be material to our business:

No.	Copyright	Registered owner	Registration number	Registration date
1.	E-House Rui Xuan Housing Smart Big Data Advertising Platform Software V1.0	PRC Holdco	2017SR610534	13/10/2017
2.	E-House Talent Institute's Learning Platform Software V1.0	PRC Holdco	2017SR610418	29/09/2017
3.	E-House's Customer Big Data Analysis Platform Software V1.0 Based on the Mobile wifi Data Acquisition	PRC Holdco	2017SR610361	01/03/2017
4.	E-House CRIC Data Marketing Software V3.0	PRC Holdco	2017SR610478	14/07/2017
5.	E-house Big Data Center Visualization Software V2.0	PRC Holdco	2017SR610428	25/06/2017
6.	E-house CRIC Third Party VR Electronic Micro-assessment Software V2.0	PRC Holdco	2017SR610424	12/07/2017
7.	CRIC Zhiyun Software V1.0	PRC Holdco	2017SR511212	14/08/2017
8.	CRIC Cloud Class V1.0	PRC Holdco	2017SR511166	14/08/2017
9.	CRIC Yi Di Ku Software V1.0	PRC Holdco	2017SR511204	14/08/2017
10.	CRIC Investment Decision-making Software V1.0	PRC Holdco	2017SR511208	14/08/2017
11.	CRIC Data Communication Software V1.0	PRC Holdco	2017SR054060	15/01/2017
12.	CRIC2016 Real Estate Decision-making Consultation Software	PRC Holdco	2016SR327034	15/08/2016
13.	CRIC Investment Opportunities and Risk Monitoring Software V1.0	PRC Holdco	2017SR327033	15/08/2016
14.	CRIC2015 Land Consultant Software	PRC Holdco	2015SR216463	30/09/2015
15.	CRIC2015 Business Consultant Software	PRC Holdco	2015SR216333	30/09/2015
16.	CRIC2015 Enterprise Consultant Software	PRC Holdco	2015SR216291	01/08/2015
17.	CRIC2015 Real Estate Decision-making Consultation Software	PRC Holdco	2015SR087769	15/04/2015
18.	CRIC Housing Price Review Software	PRC Holdco	2014SR177217	01/12/2013
19.	CRIC Residential Property Mobile APP Application Software	PRC Holdco	2014SR174992	15/08/2014
20.	CRIC Residential Property IPAD Application Software	PRC Holdco	2014SR173948	15/08/2014
21.	CRIC Residential Property Android Mobile Application Software	PRC Holdco	2014SR172182	15/08/2014
22.	CRIC Housing Price Project Consultant Software	PRC Holdco	2014SR088150	15/05/2014
23.	CRIC Housing Price Market Consultant Software	PRC Holdco	2014SR087650	15/05/2014
24.	CRIC User Behaviour Analysis Software	PRC Holdco	2013SR062787	10/05/2013
25.	CRIC Project Consultant Software	PRC Holdco	2013SR062780	10/05/2013
26.	CRIC Knowledge Management Software	PRC Holdco	2013SR062772	15/03/2013
27.	CRIC CRM Software	PRC Holdco	2013SR062764	15/05/2013
28.	CRIC Moli Valuation Application Software	PRC Holdco	2012SR133804	15/11/2012
29.	CRIC Tu Di Ku Software V1.0	PRC Holdco	2010SR018878	15/03/2010
30.	Land Launch Data Analysis System V2.0	Beijing CRIC Research Technical Services Co., Ltd	2015SR105714	24/09/2014

No.	Copyright	Registered owner	Registration number	Registration date
31.	Cost Performance of Real Estate Market Data Analysis System V2.0	Beijing CRIC Research Technical Services Co., Ltd	2015SR105716	23/09/2014
32.	Real Estate Development Enterprise 500 Value Evaluation System V2.0	Beijing CRIC Research Technical Services Co., Ltd	2015SR105719	20/11/2014
33.	Real Estate Brand Value Assessment and Evaluation System V2.0	Beijing CRIC Research Technical Services Co., Ltd	2015SR109318	22/10/2014
34.	Real Estate Growth Potential Assessment System V2.0	Beijing CRIC Research Technical Services Co., Ltd	2015SR109339	18/06/2014
35.	Urban Housing Price Index System V2.0	Beijing CRIC Research Technical Services Co., Ltd	2015SR109365	20/11/2014
36.	Urban House Leasing Price Index System V2.0	Beijing CRIC Research Technical Services Co., Ltd	2015SR109597	12/11/2014
37.	Data Mining and Quantitative Modeling System for Real Estate Industry V2.0	Beijing CRIC Research Technical Services Co., Ltd	2015SR105719	15/10/2014
38.	Second-Hand Housing Transaction Price Index System of CREA fangchan.com V1.0	Beijing CRIC Research Technical Services Co., Ltd	2011SR060856	01/06/2011
39.	Primary-Hand Housing Transaction Price Index System of CREA fangchan.com V1.0	Beijing CRIC Research Technical Services Co., Ltd	2011SR056910	01/06/2011
40.	Housing Rental Price Index System of CREA fangchan.com V1.0	Beijing CRIC Research Technical Services Co., Ltd	2011SR063047	01/06/2011
41.	CREA China Top 500 Real Estate Developers Rating System V1.0	Beijing CRIC Research Technical Services Co., Ltd	2011SR094832	08/09/2011
42.	CREA China Real Estate Brand Value Rating System V1.0	Beijing CRIC Research Technical Services Co., Ltd	2011SR092280	15/09/2011
43.	CREA China Real Estate Listed Company Rating System V1.0	Beijing CRIC Research Technical Services Co., Ltd	2011SR095856	23/09/2011

No.	Copyright	Registered owner	Registration number	Registration date
44.	Real Estate Developers Growth Evaluation System	Beijing CRIC Research Technical Services Co., Ltd	2017SR701741	22/04/2017
45.	Real Estate Developers Innovation Ability Evaluation System	Beijing CRIC Research Technical Services Co., Ltd	2017SR704488	28/05/2016
46.	Responsible Real Estate Developers Assessment and Analysis System of Real Estate Developers	Beijing CRIC Research Technical Services Co., Ltd	2017SR702962	17/02/2017
47.	Real Estate Enterprises Property Management Service Hierarchy Evaluation System	Beijing CRIC Research Technical Services Co., Ltd	2017SR706746	28/05/2016
48.	Real Estate Developers Overall Strength Evaluation and Analysis System	Beijing CRIC Research Technical Services Co., Ltd	2017SR707348	28/05/2016
49.	The Top 10 Foreign-funded Companies of Real Estate Development Value Evaluation System	Beijing CRIC Research Technical Services Co., Ltd	2017SR734060	22/04/2017
50.	The Analysis System for Management Efficiency of Real Estate Enterprises Development Operation	Beijing CRIC Research Technical Services Co., Ltd	2017SR706717	28/01/2017
51.	The Operation Model and Management Evaluation System for the Real Estate Regional Management Companies	Beijing CRIC Research Technical Services Co., Ltd	2017SR704483	16/09/2017
52.	The Customer's Information Data Mining System for Tourism Properties Industry	Beijing CRIC Research Technical Services Co., Ltd	2017SR704233	15/07/2017
53.	The Big Data Intelligent Analysis System on the Information Portal of Commercial Property Complex	Beijing CRIC Research Technical Services Co., Ltd	2017SR705370	25/06/2016
54.	The Evaluation system for the Development and Operation of Cultural and Commercial Block	Beijing CRIC Research Technical Services Co., Ltd	2017SR704223	31/08/2016
55.	The CREA Appraisal System for the City-Covering of Real Estate Developers	Beijing CRIC Research Technical Services Co., Ltd	2017SR736354	21/4/2017
56.	The CREA Commercial Properties Development Model Analysis System	Beijing CRIC Research Technical Services Co., Ltd	2017SR734454	31/05/2016

No.	Copyright	Registered owner	Registration number	Registration date
57.	The CREA Analysis System for the Comprehensive Development of China Real Estate Companies	Beijing CRIC Research Technical Services Co., Ltd	2017SR734065	28/03/2017
58.	Fangyou Intermediary Business Management Software V12.0	Shenzhen Fangyou	2013SR129537	09/10/2012
59.	Fangyou Intermediary Business Management Software V11.0	Shenzhen Fangyou	2013SR129322	09/11/2010
60.	Fangyou OA Management System V2.05	Shenzhen Fangyou	2008SR18226	31/10/2007
61.	Fangyou Financial Management System V3.0	Shenzhen Fangyou	2008SR18221	31/10/2007
62.	Fangyou Website Group Sending System V5.0	Shenzhen Fangyou	2008SR18222	31/07/2007
63.	Fangyou Shop Management System V16.1	Shanghai Trading	2016SR097754	30/01/2016
64.	Yunchuang Fangyou Agency Management System V17.2	Shanghai Trading	2017SR168659	23/01/2017
65.	BID Supplier Information Display Software V1.0	Shanghai Zhuxiang	2012SR111987	11/10/2012
66.	CPC Developers' Material Selection Consultant Software V1.0	Shanghai Zhuxiang	2012SR111849	05/10/2012
67.	E2 Design Material Selection Consultant Software V1.0	Shanghai Zhuxiang	2012SR112036	05/10/2012
68.	Design Institution Material Room In-and-out-of-storage Management Software V1.0	Shanghai Zhuxiang	2012SR111992	04/10/2012
69.	Zhuxiang CPA Standard Data Interpretation Platform Software V1.0	Shanghai Zhuxiang	2014SR070180	01/12/2013
70.	Zhuxiang CPA Project Configuration and Application Platform Software V1.0	Shanghai Zhuxiang	2014SR070348	01/12/2013
71.	Mobile Office Software of Zhuxiang CPA Synergic Project Management	Shanghai Zhuxiang	2017SR436539	10/06/2016
72.	Zhuxiang CPA Synergic Project Management Software	Shanghai Zhuxiang	2017SR438931	10/06/2016
73.	Zhuxiang Refined Decoration Plans Management Software of Residential Projects V1.0	Shanghai Zhuxiang	2018SR010833	16/08/2017
74.	Zhuxiang Optional Refined Decoration Software of Residential Projects V1.0	Shanghai Zhuxiang	2018SR010693	16/08/2017
75.	Zhuxiang Mobile Optional Refined Decoration Software of Residential Projects V1.0	Shanghai Zhuxiang	2018SR011118	16/08/2017
76.	Fangjia Highly Precise Algorithm Software for Batch Estimation on Average Prices of Communities of Secondary Real Estate V1.0	Shanghai Fangjia Information Technology Co., Ltd.	2014SR087698	28/05/2014
77.	CRIC Housing Price Software V2.0	Shanghai Fangjia Information Technology Co., Ltd.	2014SR064299	10/06/2013

Patents

As at the Latest Practicable Date, we had registered the following patents in China which we consider to be or may be material to our business:

No.	Patent	Patentee	Patent number	Application date	Expiry date
1.	An online storage and access method for PDF files	PRC Holdco	201210165764.7	24/05/2012	23/05/2032
2.	A method and device that realises user hardware binding between B/S system and Ipad	PRC Holdco	201210145262.8	10/05/2012	09/05/2032
3.	An automatic value evaluation device for buildings	Shanghai Fangjia Information Technology Co., Ltd.	201220399196.2	14/08/2012	13/08/2022
4.	A human-computer interactive system based on flexible combinations to build standard layers during residential property development	Shanghai Zhuxiang Information Technology Co., Ltd.	201510249343.6	15/05/2015	14/05/2035

Domain names

As at the Latest Practicable Date, we owned the following domain names in China which we consider to be or may be material to our business:

No.	Domain name	Registered owner	Expiry date
1.	fangjiadp.com.cn	PRC Holdco	24/06/2019
2.	fangjiadp.cn	PRC Holdco	24/06/2019
3.	fangjiadp.net	PRC Holdco	08/06/2019
4.	fangyou.tech	PRC Holdco	29/06/2019
5.	lfang.com	PRC Holdco	16/04/2020
6.	ehousechina.com	PRC Holdco	04/04/2021
7.	cricchina.com.cn	PRC Holdco	04/08/2018
8.	housefriend.net	Shenzhen Fangyou	05/08/2020
9.	fangyou.net	Shenzhen Fangyou	12/07/2020
10.	cric2009.com	E-House Xiangyue	10/02/2019
11.	cric.com	E-House Xiangyue	18/04/2021
12.	cricchina.com	E-House Xiangyue	04/08/2018
13.	fangyou.com	Shanghai E-House Trading Service Co., Ltd.	06/12/2022

FURTHER INFORMATION ABOUT OUR DIRECTORS**Particulars of Directors' service contracts and appointment letters*****Executive Directors***

Each of our executive Directors has entered into a service contract with our Company on 4 July 2018. The initial term of his service contract shall commence from the date of his appointment as an executive Director and continue for a period of three years after or until the third annual general meeting of the Company since the Listing Date, whichever is earlier, and shall be automatically renewed for successive periods of three years (subject always to re-election as and when required under the Articles), until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than three months' prior notice in writing.

The executive Directors are not entitled to receive any remuneration in their capacities as executive Directors under their respective service contracts.

Non-executive Directors

Each of our non-executive Directors has entered into an appointment letter with our Company on 4 July 2018. Their appointment as a director shall continue for three years after or until the third annual general meeting of the Company after the Listing Date, whichever is earlier, (subject to retirement as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than three month's prior notice in writing.

The annual director's fees of each of our non-executive Directors payable by our Company under their respective appointment letters is HK\$250,000.

Independent non-executive Directors

Each of our independent non-executive Directors has entered into an appointment letter with our Company on 4 July 2018. The initial term of their appointment shall be three years from the date of this document or until the third annual general meeting of the Company after the Listing Date, whichever is earlier, (subject to retirement as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than three months' prior notice in writing.

The annual director's fees of each of our independent non-executive Directors payable by our Company under their respective appointment letters are as follows, effective from the Listing Date.

Independent Non-Executive Directors	HK\$
Mr. Zhang Bang (張磅)	300,000
Mr. Zhu Hongchao (朱洪超)	250,000
Mr. Wang Liquan (王力群)	250,000
Mr. Li Jin (李勁)	250,000

Remuneration of Directors

- (a) Remuneration and benefits in kind of approximately RMB5.57 million, RMB6.42 million, RMB7.87 million and RMB1.49 million in aggregate were paid and granted by our Group to our Directors in respect of the years ended 31 December 2015, 2016 and 2017 and the three months ended 31 March 2018.
- (b) Under the arrangements currently in force, our Directors will be entitled to receive remuneration and benefits in kind which, for the year ending 31 December 2018, is expected to be approximately RMB6 million in aggregate (excluding discretionary bonus).
- (c) Save as disclosed in the part headed “– Further information about our Directors – Particulars of Directors’ service contracts and appointment letters” above, none of our Directors has or is proposed to have a service contract with the Company other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

Further information on Directors

Mr. Zhou was a director, supervisor or manager of several companies incorporated in Hong Kong or China at the time of or within 12 months prior to each company's deregistration. Each of these companies is a dormant company without any business operations and was subsequently deregistered either by way of voluntary board approval or by having its licence revoked by the relevant government authority.

Mr. Huang Canhao was a director, supervisor or manager of several companies incorporated in Hong Kong or China at the time of or within 12 months prior to each company's deregistration. Each of these companies is a dormant company without any business operations and was subsequently deregistered by way of voluntary board approval.

Mr. Ding Zuyu was a director, supervisor or manager of several companies incorporated in Hong Kong or China at the time of or within 12 months prior to each company's deregistration. Each of these companies is a dormant company without any business operations and was subsequently deregistered by way of voluntary board approval.

Mr. Xia Hai Jun was a director, supervisor or manager of one company incorporated in China at the time of or within 12 months prior to each company's deregistration. The company was a dormant company without any business operations and was subsequently deregistered by having its licence revoked by the relevant government authority.

Mr. Zhang Bang was a director, supervisor or manager of several companies incorporated in Hong Kong or China at the time of or within 12 months prior to each company's deregistration. Each of these companies is a dormant company without any business operations and was subsequently deregistered by way of voluntary board approval.

Mr. Wang Liquan was a director, supervisor or manager of several companies incorporated in Hong Kong or China at the time of or within 12 months prior to each company's deregistration. Each of these companies is a dormant company without any business operations and was subsequently deregistered by way of voluntary board approval.

Mr. Zong Lei was a director, supervisor or manager of several companies incorporated in Hong Kong or China at the time of or within 12 months prior to each company's deregistration. Each of these companies is a dormant company without any business operations and was subsequently deregistered by way of voluntary board approval.

Disclosure of interests

Interests and short positions of our Directors and chief executives in the share capital of our Company and its associated corporations following completion of the Global Offering

Immediately following completion of the Global Offering (assuming the Over-allotment Option and options granted under the Pre-IPO Share Option Scheme are not exercised and no options are granted under the Post-IPO Share Option Scheme), the interests or short positions of our Directors and chief executives in the shares, underlying shares and debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows.

Name of director/ chief executive	Nature of interest	Number of Shares/ Underlying Shares	Approximate percentage of interest in our Company immediately following the completion of the Global Offering ⁽¹⁾
Mr. Zhou	Interest in controlled corporations and beneficial owner	307,730,975 ⁽²⁾	20.971%
Mr. Xia Hai Jun	Interest in a controlled corporation	22,892,000 ⁽³⁾	1.560%
Mr. Huang Canhao	Beneficial owner	9,600,000 ⁽⁴⁾	0.654%
Mr. Ding Zuyu	Beneficial owner	9,600,000 ⁽⁴⁾	0.654%
Mr. Cheng Li-Lan	Beneficial owner	1,446,000 ⁽⁴⁾	0.099%
Mr. Zong Lei	Beneficial owner	2,400,000 ⁽⁴⁾	0.164%
Mr. Zhou Liang	Beneficial owner	2,400,000 ⁽⁴⁾	0.164%

Notes:

- (1) The calculation is based on the total number of 1,467,436,000 Shares in issue immediately following the completion of the Global Offering (assuming that the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised and no options are granted under the Post-IPO Share Option Scheme).
- (2) These 307,730,975 Shares are held as to 228,920,000 Shares by CRE Corp, 45,784,000 Shares by Kanrich and 18,566,975 Shares by Regal Ace, respectively, and represent 14,460,000 Shares to be issued upon exercise of options granted under the Pre-IPO Share Option Scheme. CRE Corp is a wholly-owned subsidiary of E-House (China) Holdings, itself a wholly-owned subsidiary of E-House (China) Holdings. E-House (China) Holdings is held as to 33.13% by On Chance, 14.65% by Jun Heng, and 52.22% by Mr. Zhou. Jun Heng is wholly-owned by On Chance, which is in turn wholly-owned by Mr. Zhou. Kanrich is wholly owned by Mr. Zhou and Regal Ace is owned as to 51% by Mr. Zhou.

- (3) *These 22,892,000 Shares are held by Advance Power International Limited. Advance Power International Limited is a company wholly-owned by Mr. Xia Hai Jun.*
- (4) *These Shares represent the Shares to be issued upon exercise of options granted under the Pre-IPO Share Option Scheme.*

Interests and short positions disclosable under Divisions 2 and 3 of Part XV of the SFO

For information on the persons who, immediately following the completion of the Global Offering, will have or be deemed to have or taken to have beneficial interests or short position in the Shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group, please refer to the section headed “Substantial Shareholders”.

Save as set out above, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the Global Offering and taking no account of any Shares that may be issued pursuant to the exercise of the Over-allotment Option and options granted under the Pre-IPO Share Option Scheme and options which may be granted under the Post-IPO Share Option Scheme, be interested, directly or indirectly, in 10% or more of the nominal of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

PRE-IPO SHARE OPTION SCHEME

The following is a summary of the principal terms of the Pre-IPO Share Option Scheme effective from 20 April 2018. The Pre-IPO Share Option Scheme is not subject to Chapter 17 of the Listing Rules as it does not involve the grant by our Company of options to subscribe for Shares after the Listing.

Our Company has applied to the Stock Exchange and the SFC for: (i) a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules; and (ii) an exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with the disclosure requirements of paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance. See the section headed “Waivers from Compliance with the Listing Rules and Exemption from the Companies (Winding Up and Miscellaneous Provisions) Ordinance – Waiver and exemption in relation to the Pre-IPO Share Option Scheme” for more information.

Purpose

The purpose of the Pre-IPO Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in our Company and to encourage the selected participants to work towards enhancing the value of our Company and our Shares for the benefit of our Company and our Shareholders as a whole. The Pre-IPO Share Option Scheme will provide our Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to the selected participants.

Who may join

Any individual, being an employee, director (including executive directors, non-executive directors and independent non-executive directors), officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group, may be granted options to subscribe for Shares.

For the avoidance of doubt, the grant of any options by our Company for the subscription of Shares or other securities of our Group to any person who falls within any of these classes of participants shall not, by itself, unless our Directors otherwise so determine, be construed as a grant of option under the Pre-IPO Share Option Scheme.

The eligibility of persons to the grant of any option shall be determined by our Board (or a duly authorised committee), from time to time on the basis of their opinion as to the participant's contribution to the development and growth of our Group.

Maximum number of Shares

The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Pre-IPO Share Option Scheme at any time shall not exceed 91,568,000 Shares (the “**Scheme Limit**”).

Performance targets

Unless our Board (or a duly authorised committee) otherwise determines and state in the offer of the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Pre-IPO Share Option Scheme can be exercised.

Subscription price

The subscription price in relation to each option granted under the Pre-IPO Share Option Scheme shall be such price as may be determined by our Board, provided that it shall not be less than the nominal value of a Share.

A nominal consideration of RMB1 is payable upon acceptance of the grant of an option.

Time of acceptance and exercise of an option

An option may be accepted by a participant within 10 business days from the date on which the letter containing the offer is delivered to that participant.

An option may be exercised in accordance with the terms of the Pre-IPO Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which shall end not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Pre-IPO Share Option Scheme.

Notwithstanding any other provision of the Pre-IPO Share Option Scheme, any notice or the terms on which any option is granted, no option may be exercised prior to the admission of the Shares of our Company to trading on the Stock Exchange.

Cancellation of options granted

Any options granted but not exercised may be cancelled if the relevant grantee so agrees in writing. Issuance of new options to the same grantee may only be made if there are unissued options available under the Pre-IPO Share Option Scheme (excluding the cancelled options) and in compliance with the terms of the Pre-IPO Share Option Scheme.

Lapse of an option

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the option period stated in the offer of grant of the option;
- (ii) the expiry of the periods or dates referred to under subheadings “Rights on ceasing employment”, “Rights on death”, “Rights on dismissal”, “Rights on a general offer, a compromise or arrangement”, and “Rights on winding up”;
- (iii) the date on which the grantee (being an employee or a director of our Group) ceases to be a participant by reason of the termination of his employment or engagement on the grounds that he has been guilty of serious misconduct, or has been convicted of any criminal offence involving his integrity or honesty or on any other ground on which an employer would be entitled to terminate his employment summarily;
- (iv) the date on which the grantee joins a company which the Board believes in its sole and reasonable opinion to be a competitor of our Company;
- (v) the date on which the grantee (being a corporation) appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts or has become insolvent or has made any arrangement or composition with its creditors generally;
- (vi) unless our Board otherwise determines, and other than in the circumstances referred to under subheadings “Rights on a general offer, a compromise or arrangement”, and “Rights on winding up”, the date the grantee ceases to be a participant (as determined by a Board resolution) for any other reason;
- (vii) the date on which the Board determines at its sole discretion that allowing the relevant grantee to exercise the option is not in the best interests of our Company; or
- (viii) the date on which the Board determines at its sole discretion that there is no reasonable prospect of obtaining the listing approval for the Shares to be issued pursuant to the exercise of the options from the Stock Exchange.

Period of the Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme will remain in force from 20 April 2018, the date on which the Pre-IPO Share Option Scheme was adopted, until the Latest Practicable Date, both dates inclusive.

Rights on ceasing employment

If the grantee of an option is an employee and ceases to be eligible for any reason other than death or other grounds referred to under subheadings “Rights on death” before exercising his/her option in full:

- (i) the option (to the extent not already exercised) will lapse on the date of cessation of his/her employment (the last actual working day on which the Grantee was physical at work with the relevant member of the Group, whether salary is paid in lieu of notice or not);
- (ii) unless the Board determines otherwise, in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as our Directors may determine following the date of such cessation.

Rights on death

If the grantee of an option ceases to be a participant by reason of their death, before exercising the option in full, the personal representative(s) of the grantee shall be entitled to exercise the option in whole or in part within a period of 12 months following the date of death of the grantee.

Rights on dismissal

If the grantee of an option ceases to be a participant by reason of the termination of his/her employment or engagement on the grounds that he/she has been guilty of serious misconduct, or has been convicted of any criminal offence involving his/her integrity or honesty or on any other ground on which an employer would be entitled to terminate his/her employment summarily, his option will lapse automatically.

Rights on a general offer, a compromise or arrangement

If a general offer by way of takeover or otherwise (other than by way of scheme of arrangement) is made to all our Shareholders (other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant option, our Company shall forthwith give notice thereof to the grantee and the grantee shall be entitled to exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, at any time within such period as shall be notified by our Company.

If a general offer for Shares by way of scheme of arrangement is made to all our Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, our Company shall forthwith give notice thereof to the grantee and the grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company.

In the event of a compromise or arrangement, other than a scheme of arrangement described in the paragraph above, between our Company and our members and/or creditors being proposed in connection with a scheme for the reconstruction of our Company or our amalgamation with any other companies pursuant to the laws of the Cayman Islands, our Company shall give notice thereof to all grantees on the same day as we first give notice of the meeting to our members and/or creditors, summoning the meeting to consider such a scheme or arrangement, and the grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the option to its full extent, or if our Company shall give the relevant notification, to the extent notified by our Company, and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed meeting, allot, issue and register in the name of the grantee such number of fully paid Shares which shall fall to be issued on exercise of such option.

Rights on winding up

In the event a notice is given by our Company to our Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to the grantee and the grantee (or in the case of the death of the grantee, his/her personal representatives(s)) may at any time within such period as shall be notified by our Company, subject to the provisions of all applicable laws, exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed general meeting, allot, issue and register in the name of the grantee such number of fully paid Shares which fall to be issued on exercise of such option.

Adjustments

In the event of an alteration in the capital structure of our Company whilst any option remains exercisable by way of capitalisation of profits or reserves, rights issue, subdivision or consolidation of shares, or reduction of the share capital of our Company, such corresponding alterations (if any) shall be made to:

- (i) the number or nominal amount of Shares comprised in each option so far as unexercised;
- (ii) the subscription price;
- (iii) the method of exercise of the option; or
- (iv) any combination thereof,

as the auditors or a financial adviser engaged by our Company for such purpose shall, at the request of our Company, certify in writing, either generally or as regards any particular grantee,

to be in their opinion fair and reasonable, provided always that any such adjustments should give each grantee the same proportion of the equity capital of our Company (or as nearly as possible but not greater than the same proportion of the equity capital of our Company) as that to which that grantee was previously entitled prior to such adjustments, and no adjustments shall be made which will enable a Share to be issued at less than its nominal value. The capacity of the auditors or financial adviser (as the case may be) in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on our Company and the grantees. The costs of the auditors or financial adviser (as the case may be) shall be borne by our Company.

Others

The Pre-IPO Share Option Scheme is conditional on the Listing Committee granting or agreeing to grant approval of the listing of, and permission to deal in, the Shares to be allotted and issued pursuant to the exercise of any options which may be granted under the Pre-IPO Share Option Scheme and the commencement of dealings in the Shares on the Stock Exchange.

Application has been made to the Listing Committee for the listing of, and permission to deal in, the Shares to be allotted and issued pursuant to the exercise of any options which may be granted under the Pre-IPO Share Option Scheme.

This Scheme may be amended by a resolution of our Board provided that no such alteration shall operate so as to materially adversely affect the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of a majority in number of the holders of unexercised options.

Outstanding options granted

The grant of options under the Pre-IPO Share Option Scheme to the grantees as set out below was approved by the Board to be made on 20 April 2018. The overall limit on the number of underlying Shares pursuant to the Pre-IPO Share Option Scheme is 91,568,000 Shares. The number of underlying Shares pursuant to the outstanding options granted under the Pre-IPO Share Option Scheme amounts to 91,563,600 Shares, representing 6.240% of the issued Shares immediately following the completion of the Global Offering (assuming the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised and no options are granted under the Post-IPO Share Option Scheme). As of the Latest Practicable Date, we had granted options to 338 participants under the Pre-IPO Share Option Scheme. No further options have or will be granted under the Pre-IPO Share Option Scheme subsequent to the Latest Practicable Date. The exercise price of all the options granted under the Pre-IPO Share Option Scheme is HK\$10.37 per Share.

(i) Directors and senior management of the Group, connected person of the Company and senior management of the Company's connected person

As of the Latest Practicable Date, our Directors and senior management of the Group and connected person of the Company and senior management of the Company's connected person had been granted options under the Pre-IPO Share Option Scheme to subscribe for a total of 71,352,000 Shares, representing approximately 4.862% of the issued share capital of our Company upon completion of the Global Offering (assuming the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised and no options are granted under the Post-IPO Share Option Scheme).

Below are the details of options granted to our Directors and senior management under the Pre-IPO Share Option Scheme:

Name of Director or senior management	Position	Address	Date of grant	Option period	Number of Shares under the options granted ⁽¹⁾	Approximate percentage of issued Shares immediately after completion of the Global Offering ⁽¹⁾
<i>Directors of the Company</i>						
Mr. Zhou	Executive Director & Chairman	Flat C, 8/F., Tower 1, Sorrento, No. 1 Austin Road West, Tsim Sha Tsui, Hong Kong	21 April 2018	10 years from the grant date	14,460,000	0.985%
Huang Canhao	Executive Director & Vice Chairman	Room 3833, Four Seasons Place Hong Kong 8 Finance Street Central, Hong Kong	21 April 2018	10 years from the grant date	9,600,000	0.654%
Ding Zuyu	Executive Director & Chief Executive Officer	Building D01, Xijiao Garden Villa, No. 2065, Hongqiao Road Shanghai, China	21 April 2018	10 years from the grant date	9,600,000	0.654%
Cheng Li-Lan	Executive Director	Flat 1202, No. 18 Lane 758 Beijing West Road, Shanghai, China	21 April 2018	10 years from the grant date	1,446,000	0.099%
<i>Senior Management of the Company</i>						
Zong Lei	Chief Operating Officer	No. 11, Lane 399, Jianghua Road, Pujiang Town, Minhang District, Shanghai, China	21 April 2018	10 years from the grant date	2,400,000	0.164%
Yan An	President	No. 36, Lane 2861, Gaoqing Road, Pudong New Area, Shanghai, China	21 April 2018	10 years from the grant date	2,400,000	0.164%
Zhou Liang	Chief Financial Officer	No. 76, Lane 278, Madang Road, Huangpu District, Shanghai, China	21 April 2018	10 years from the grant date	2,400,000	0.164%
Zhang Yan	President of real estate data and consulting services division	Room 1302, No. 22, Lane 1888, Songhu Road, Yangpu District, Shanghai, China	21 April 2018	10 years from the grant date	1,446,000	0.099%
Ko, Ber-Jen	President of real estate brokerage network services division	No. 68, Lane 333, Qingtong Road, Pudong New Area, Shanghai, China	21 April 2018	10 years from the grant date	1,446,000	0.099%

Name of Director or senior management	Position	Address	Date of grant	Option period	Number of Shares under the options granted ⁽¹⁾	Approximate percentage of issued Shares immediately after completion of the Global Offering ⁽¹⁾
<i>Senior Management of other Group Companies</i>						
Ma Weijie (馬偉傑)	Financial Controller	No. 76, Lane 1111, Jinglian Road, Minhang District, Shanghai, China	21 April 2018	10 years from the grant date	1,446,000	0.099%
Yang Ting (楊婷)	Vice President & Regional General Manager of E-House Xiangyue	Room 301, No. 12 Lane 233, Puming Road, Pudong New Area, Shanghai, China	21 April 2018	10 years from the grant date	960,000	0.065%
Jin Qichang (金琪昌)	Vice President & Regional General Manager of E-House Xiangyue	Room 201, No. 17 Lane 699, Hongcao South Road, Xuhui District, Shanghai, China	21 April 2018	10 years from the grant date	960,000	0.065%
Lu Haidong (陸海東)	Vice President & Regional General Manager of E-House Xiangyue	Room 702, Unit 3, Building 14, Zhonghai Yuhu Yihao, 398 Qujiang Road, Yanta District, Xi'an, China	21 April 2018	10 years from the grant date	960,000	0.065%
Gao Yuan (高原)	Vice President & Regional General Manager of E-House Xiangyue	Room 502, No. 6, Lane 228, Jianguo West Road, Xuhui District, Shanghai, China	21 April 2018	10 years from the grant date	960,000	0.065%
Wu Jianfeng (吳劍峰)	Vice President & Regional General Manager of E-House Xiangyue	Room 402, 263 Guangling First Road, Hongkou District, Shanghai, China	21 April 2018	10 years from the grant date	960,000	0.065%
Chen Bin (陳彬)	Vice President & Regional General Manager of E-House Xiangyue	Room 401, No. 34, Lane 511, Weining Road, Shanghai, China	21 April 2018	10 years from the grant date	960,000	0.065%
Song Wei (宋威)	Vice President & Regional General Manager of E-House Xiangyue	Room 1704, No. 7, Lane 1258, Zhongxing Road, Jing'an District, Shanghai, China	21 April 2018	10 years from the grant date	960,000	0.065%

APPENDIX IV
STATUTORY AND GENERAL INFORMATION

Name of Director or senior management	Position	Address	Date of grant	Option period	Number of Shares under the options granted ⁽¹⁾	Approximate percentage of issued Shares immediately after completion of the Global Offering ⁽¹⁾
Ge Jing (葛菁)	Vice President & Regional General Manager of E-House Xiangyue	Room 1701, No. 1, Lane 355, Beijing West Road, Shanghai, China	21 April 2018	10 years from the grant date	960,000	0.065%
Huang Yanting (黃嫣婷)	Vice President & Regional General Manager of E-House Xiangyue	No. 38, Lane 57, Shanyin Road, Hongkou District, Shanghai, China	21 April 2018	10 years from the grant date	960,000	0.065%
Shao Liang (邵亮)	Vice President & Regional General Manager of E-House Xiangyue	No. 36, Lane 688, Jianhe Road, Changning District, Shanghai, China	21 April 2018	10 years from the grant date	960,000	0.065%
Yu Dandan (于丹丹)	Vice President of PRC Holdco	Room 202, No. 7, Lane 1728, Wulian Road, Pudong New Area, Shanghai, China	21 April 2018	10 years from the grant date	960,000	0.065%
Huang Xiaoyun (黃曉雲)	Vice President & Regional General Manager of E-House Xiangyue	Room 3102, No. 15, Lane 323, Hongguan Road, Hongkou District, Shanghai, China	21 April 2018	10 years from the grant date	960,000	0.065%
Liu Wenchao (劉文超)	Vice President of PRC Holdco	Room 3202, No. 5, Lane 688, Xizang South Road, Laoximen Street, Huangpu District, Shanghai, China	21 April 2018	10 years from the grant date	960,000	0.065%
Hu Yongming (胡永明)	Vice President & Regional General Manager of E-House Xiangyue	Room 2402, No. 8 Lane 300, Nandan East Road, Xuhui District, Shanghai, China	21 April 2018	10 years from the grant date	960,000	0.065%
Chen Hongfei (陳紅飛)	Chief Technology Officer of PRC Holdco	Room 901, No. 6, Lane 66, Quwo Road, Zhabei District, Shanghai, China	21 April 2018	10 years from the grant date	480,000	0.033%

Name of Director or senior management	Position	Address	Date of grant	Option period	Number of Shares under the options granted ⁽¹⁾	Approximate percentage of issued Shares immediately after completion of the Global Offering ⁽¹⁾
Liu Zhiguang (劉志廣)	Vice President & Regional General Manager of E-House Xiangyue	Room 301, Unit 1, Building 3, Qianjiang Crystal City, Binsheng Road, Binjiang District, Hangzhou, China	21 April 2018	10 years from the grant date	480,000	0.033%
<i>Senior Management of the Company's Connected Person</i>						
Zhu Xudong (朱旭東)	Senior Management of E-House (China) Holdings	Room 402, No. 15, Lane 2200, Xietu Road, Xuhui District, Shanghai, China	21 April 2018	10 years from the grant date	4,800,000	0.327%
Yang Wei (楊偉)	Senior Management of E-House (China) Holdings	Room 602, No. 32, Lane 600, Lingshan Road, Pudong New Area, Shanghai, China	21 April 2018	10 years from the grant date	960,000	0.065%
Zheng Caimi (鄭彩密)	Senior Management of E-House (China) Holdings	Room 301, No. 114, Kaixuan Road, Shanghai, China	21 April 2018	10 years from the grant date	900,000	0.061%
Xu Wei (徐偉)	Senior Management of E-House (China) Holdings	Room 503, No. 2, Lane 101, Guoding Road, Yangpu District, Shanghai, China	21 April 2018	10 years from the grant date	480,000	0.033%
Zang Jianjun (臧建軍)	Senior Management of E-House (China) Holdings	Room 2201, Building 3, Yuyuan, Lane 168, Shunchang Road, Huangpu District, Shanghai, China	21 April 2018	10 years from the grant date	480,000	0.033%
Wu Bin (吳濱)	Senior Management of E-House (China) Holdings	Room 1201, No. 4, Lane 277, Luban Road, Huangpu District, Shanghai, China	21 April 2018	10 years from the grant date	480,000	0.033%
Zhang Yongyue (張永岳)	Senior Management of E-House (China) Holdings	No. 4, Lane 273, Datian Road, Shanghai, China	21 April 2018	10 years from the grant date	480,000	0.033%

Name of Director or senior management	Position	Address	Date of grant	Option period	Number of Shares under the options granted ⁽¹⁾	Approximate percentage of issued Shares immediately after completion of the Global Offering ⁽¹⁾
Peng Shaobin (彭少彬)	Senior Management of E-House (China) Holdings	9-102 Fulian Garden, Hongli West Road, Futian District, Shenzhen, Guangdong, China	21 April 2018	10 years from the grant date	288,000	0.020%
Zuo Qiong (左琼)	Senior Management of E-House (China) Holdings	No. 15, 4th Floor, No. 239, Yangsi Street, Hanyang District, Wuhan, Hubei, China	21 April 2018	10 years from the grant date	288,000	0.020%
Cheng Jie (程潔)	Senior Management of E-House (China) Holdings	Room 902, No. 4, Lane 18, Kaibin Road, Xuhui District, Shanghai, China	21 April 2018	10 years from the grant date	288,000	0.020%
Chen Guosheng (陳國勝)	Senior Management of E-House (China) Holdings	Room 402, No. 35, Lane 789, Yingkou Road, Yangpu District, Shanghai, China	21 April 2018	10 years from the grant date	288,000	0.020%
Li Hong (李紅)	Senior Management of E-House (China) Holdings	Room 502, No. 9, Lane 1898, Changning Road, Shanghai China	21 April 2018	10 years from the grant date	288,000	0.020%
Yuan Qunfang (袁群芳)	Senior Management of E-House (China) Holdings	Room 2001, No. 4, Lane 185, Ruijin South Road, Wuli Street, Luwan District, Shanghai, China	21 April 2018	10 years from the grant date	288,000	0.020%
<i>Subtotal:</i>	39 grantees				<u>71,352,000</u>	<u>4.862%</u>

Note:

(1) The above table assumes the completion of the Global Offering, assuming the Over-allotment Option is not exercised, and options granted under the Pre-IPO Share Option Scheme are not exercised and no options are granted under the Post-IPO Share Option Scheme.

(ii) Other grantees

As of the Latest Practicable Date, other than the Directors and senior management of the Group, connected person of the Company and senior management of the Company's connected person disclosed above, no options had been granted to any Directors and senior management of the Group, connected person of the Company and senior management of the Company's connected person under the Pre-IPO Share Option Scheme.

A remaining 299 grantees have been granted options under the Pre-IPO Share Option Scheme to subscribe for a total of 20,211,600 Shares, representing approximately 1.377% of the issued share capital of our Company upon completion of the Global Offering (assuming the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised and no options are granted under the Post-IPO Share Option Scheme).

Among these 299 grantees:

- 177 grantees were granted options ranging from 28,800 Shares to 50,000 Shares;
- 92 grantees were granted options ranging from 50,000 Shares to 100,000 Shares;
- 28 grantees were granted options ranging from 100,001 Shares to 250,000 Shares; and
- 2 grantees were granted options ranging from 250,001 Shares to 500,000 Shares.

Below are the details of options granted to the remaining 299 grantees under the Pre-IPO Share Option Scheme:

Date of grant	Option period	Number of Shares under the options granted⁽¹⁾	Approximate percentage of issued Shares immediately after completion of the Global Offering⁽¹⁾
21 April 2018	10 years from the grant date	20,211,600	1.377%
Subtotal:	299 grantees	20,211,600	1.377%

Note:

- (1) The above table assumes the completion of the Global Offering, assuming the Over-allotment Option is not exercised and the options granted under the Pre-IPO Share Option Scheme are not exercised and no options are granted under the Post-IPO Share Option Scheme.

Assuming the full exercise of the options granted under the Pre-IPO Share Option Scheme, (a) the shareholding of the Shareholders immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised) would be diluted by approximately 5.87% and (b) the earnings per Share for the financial year ended 31 December 2017 would have decreased by approximately 5.87% from HK\$0.28 per Share to HK\$0.27 per Share.

Ranking of Shares

The Shares to be allotted and issued upon the exercise of an option shall be identical to the then existing issued shares of our Company and subject to all the provisions of the Memorandum and Articles and will rank pari passu with fully paid Shares in issue on the date the name of the grantee is registered on the register of members of our Company, save that the grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of our Company) declared or recommended or resolved to be paid to the Shareholders on the register on a date prior to such registration.

Termination

Our Board may at any time resolve to terminate the operation of the Pre-IPO Share Option Scheme prior to its expiry and in such event no further options shall be offered or granted but the provisions of the Pre-IPO Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Pre-IPO Share Option Scheme.

POST-IPO SHARE OPTION SCHEME

The following is a summary of the principal terms of the Post-IPO Share Option Scheme conditionally adopted by the resolutions in writing of our Shareholders passed on 4 July 2018.

Purpose

The purpose of the Post-IPO Share Option Scheme is to provide Eligible Persons (defined below) with the opportunity to acquire proprietary interests in our Company and to encourage the Eligible Person to work towards enhancing the value of our Company and our Shares for the benefit of our Company and Shareholders as a whole. The Post-IPO Share Option Scheme will provide our Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Eligible Persons.

Eligible Persons

Any individual, being an employee, director, officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of our Group or any of our Group's affiliates who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to our Group is entitled to be offered and granted options ("**Eligible Person(s)**").

However, no individual who is resident in a place where the grant, acceptance, vesting or exercise of options pursuant to the Post-IPO Share Option Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, is eligible to be offered or granted options.

Maximum number of Shares

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option schemes of our Company is 146,743,600, being no more than 10% of the Shares in issue on the date the Shares commence trading on the Stock Exchange (the “**Option Scheme Mandate Limit**”). Options which have lapsed in accordance with the terms of the rules of the Post-IPO Share Option Scheme (or any other share option schemes of our Company) shall not be counted for the purpose of calculating the Option Scheme Mandate Limit.

The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option schemes of our Company at any time (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed 30% of the Shares in issue from time to time (the “**Option Scheme Limit**”). No options may be granted under any schemes of our Company (or its subsidiaries) if this will result in the Option Scheme Limit being exceeded.

The Option Scheme Mandate Limit may be refreshed at any time subject to prior approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time. However, the Option Scheme Mandate Limit as refreshed cannot exceed 10% of the Shares in issue as at the date of such approval. Options previously granted under the Post-IPO Share Option Scheme and any other share option schemes of our Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) (including those outstanding, cancelled or lapsed in accordance with its terms or exercised), shall not be counted for the purpose of calculating the refreshed Option Scheme Mandate Limit.

Our Company may also seek separate approval of the Shareholders in general meeting for granting options beyond the Option Scheme Mandate Limit, provided such grant is to Eligible Person specifically identified by our Company before the aforesaid Shareholders’ meeting where such approval is sought.

Maximum entitlement of a grantee

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Post-IPO Share Option Scheme and any other share option scheme(s) of our Company to each Eligible Person (including both exercised and outstanding options) in any 12 month period shall not exceed 1% of the total number of Shares in issue (the “**Individual Limit**”). Any further grant of options to an Eligible Person which would result in the aggregate number of Shares issued and to be issued upon exercise of all options granted and to be granted to such Eligible Person (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to separate approval of the Shareholders in general meeting with Eligible Persons and his associates abstaining from voting.

Performance target

The Post-IPO Share Option Scheme does not set out any performance targets that must be achieved before the options may be exercised. However, the Board or its delegate(s) may at their sole discretion specify, as part of the terms and conditions of any option, such performance conditions that must be satisfied before the option can be exercised.

Subscription price

The price per Share at which a grantee may subscribe for Shares on the exercise of an option (the “**Subscription Price**”) shall be such price determined by the Board in its absolute discretion and shall be no less than the higher of:

- (i) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant;
- (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share on the date of grant.

Rights are personal to grantee

An option is personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest in favour of or enter into any agreement with any other person over or in relation to any option, except for the transmission of an option on the death of the grantee to his personal representative(s) on the terms of the Post-IPO Share Option Scheme.

Options granted to directors or substantial shareholders of our Company

Each grant of options to any director of our Company, the chief executive (as defined in the Listing Rules), the Chief Executive Officer or substantial Shareholder of our Company (or any of their respective associates) shall be subject to the prior approval of by the independent non-executive Directors of our Company (excluding any independent non-executive Director who is a proposed recipient of the grant of options).

Where any grant of options to a substantial Shareholder or an independent non-executive Director of our Company (or any of their respective associates) would result in the number of Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12 month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and

- (ii) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK\$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange),

such further grant of options must also be subject to the prior approval by the Shareholders (voting by way of poll) in general meeting. Our Company shall send a circular to the Shareholders in accordance with and containing such information as is required under the Listing Rules. All connected persons of our Company shall abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.

Grant offer letter and notification of grant of options

An offer shall be made to Eligible Persons by a letter in duplicate which specifies the terms on which the option is to be granted. Such terms may include any minimum period(s) for which an option must be held and/or any minimum performance target(s) that must be achieved, before the option can be exercised in whole or in part, and may include at the discretion of the Board or its delegate(s) such other terms either on a case basis or generally.

An offer shall be deemed to have been accepted and the option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the offer duly signed by the grantee with the number of Shares in respect of which the offer is accepted clearly stated therein, together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof, is received by our Company within 20 business days from the date on which the letter containing the offer is delivered to the Eligible Person.

Any offer may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares or a multiple thereof. To the extent that the offer is not accepted within 20 business days from the date on which the letter containing the offer is delivered to that Eligible Person, it shall be deemed to have been irrevocably declined.

Restriction of grant of options

No offer shall be made and no option shall be granted to any Eligible Person in circumstances prohibited by the Listing Rules or at a time when the Eligible Person would or might be prohibited from dealing in the Shares by the Listing Rules or by any applicable rules, regulations or law. No offer shall be made and no option shall be granted to any Eligible Person where the Company or such persons are in possession of any unpublished inside information in relation to our Company until such inside information has been published in an announcement in accordance with the Listing Rules. Furthermore, no offer shall be made and no option shall be granted:

- (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

- (ii) during the period of 30 days immediately preceding the publication date of the half-year results or, if shorter, the period from the end of the relevant half-year period up to the publication date of the results.

Such period will also cover any period of delay in the publication of any results announcement.

Time of exercise of an option

An option may, subject to the rules of the Post-IPO Share Option Scheme and the terms and conditions upon which such option is granted, be exercised in whole or in part by the grantee giving notice in writing to our Company in such form as our Board may from time to time determine stating that the option is thereby exercised and the number of Shares in respect of which it is exercised.

Cancellation of options granted

In the event our Company reassigns an Eligible Person (who is an employee of the Company or any of the Group's affiliates) to a position of lower seniority, the Company may, at its sole discretion, cancel or reduce the total number of Shares such Eligible Person may purchase under the option, in which case any unvested portion of the option will be reduced to the level commensurate with the new position to which such Eligible Person is assigned.

Any breaches of the rules of the Post-IPO Share Option Scheme by a grantee may result in the options granted to such grantee being cancelled by our Company. Any options granted but not exercised may be cancelled if the grantee so agrees. Issuance of new options to the same grantee may only be made if there are unissued options available under the Post-IPO Share Option Scheme (excluding the cancelled options) and in compliance with the terms of the Post-IPO Share Option Scheme.

Lapse of an option

Without prejudice to the additional situations provided by our Board or its delegates(s), an option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the period within which an option may be exercised, which is to be determined and notified by the Board to each grantee at the time of making an offer, and shall not expire later than 10 years from the date of grant (the “**Option Period**”);
- (ii) the expiry of any of the periods for exercising the option as referred to in the paragraphs headed “Retirement, death or permanent physical or mental disability of an Eligible Person”, “Termination of employment of an Eligible Person”, “Rights on takeover and schemes of compromise or arrangement” and “Rights on a voluntary winding up” below; and
- (iii) the date on which the grantee commits a breach of the rules detailed under the heading “Rights are personal to grantee” above.

Effects of alterations in the capital structure of our Company

In the event of an alteration in the capital structure of our Company whilst any option remains exercisable by way of capitalisation of profits or reserves, rights issue, subdivision or consolidation of shares, or reduction of the share capital of our Company in accordance with legal requirements and requirements of the Stock Exchange (other than any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in a transaction to which our Company is a party), such corresponding alterations (if any) shall be made to:

- (i) the number or nominal amount of Shares comprised in each option so far as unexercised;
- (ii) the Subscription Price;
- (iii) the method of exercise of the option; or
- (iv) any combination thereof,

as the auditors or a financial adviser engaged by our Company for such purpose shall, at the request of our Company, certify in writing, either generally or as regards any particular grantee, to be in their opinion fair and reasonable, provided always that any such adjustments should give each grantee the same proportion of the equity capital of our Company (or as nearly as possible but not greater than the same proportion of the equity capital of our Company) as that to which that grantee was previously entitled prior to such adjustments, and no adjustments shall be made which will enable a Share to be issued at less than its nominal value. The capacity of the auditors or financial adviser (as the case may be) is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on our Company and the grantees. The costs of the auditors or financial adviser (as the case may be) shall be borne by our Company.

Retirement, death or permanent physical or mental disability of an Eligible Person

If a grantee ceases to be an Eligible Person by reason of (i) death of the grantee, (ii) termination of the grantee's employment or contractual engagement with our Group or our Group's affiliate by reason of his/her permanent physical or mental disablement, or (iii) retirement of the grantee, the option may be exercised within the Option Period, or such other period as the Board or its delegate(s) may decide in their sole discretion.

In the case of death of a grantee, the option may be exercised within that period by the personal representatives of the grantee. In the case where a grantee no longer has any legal capacity to exercise the option, the option may be exercised within that period by the persons charged with the duty of representing the grantee under the relevant laws in Hong Kong.

If the option is not exercised within the times mentioned above, the option shall lapse.

Termination of employment of an Eligible Person

If a grantee, being an employee whose employment is terminated by our Group or its affiliate by reason of the employer terminating the contract of employment without notice or

payment in lieu of notice, or the grantee having been convicted of any criminal offence involving his integrity or honesty, the option shall immediately lapse.

If a grantee is declared bankrupt or becomes insolvent or makes any arrangements or composition with his/her creditors generally, the option shall immediately lapse.

If a grantee being an employee ceases to be an Eligible Person due to termination of his/her employment or contractual engagement with our Group by reason of redundancy, the option may be exercised within three months of such cessation or within the Option Period, whichever is the shorter, or such other period as the Board or its delegate(s) may decide in their sole discretion.

If a grantee ceases to be an Eligible Person other than in any of the circumstances described above, unless otherwise provided in the letter containing the offer, a grantee may exercise his/her option within three months of such cessation or within the Option Period, whichever is the shorter, or such other period as the Board or its delegate(s) may decide in their sole discretion.

Rights on takeover and schemes of compromise or arrangement

If a general offer by way of takeover or otherwise (other than by way of scheme of arrangement) is made to all our Shareholders (other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant option, our Company shall forthwith give notice thereof to the grantee and the grantee shall be entitled to exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, at any time within such period as shall be notified by our Company.

If a general offer for Shares by way of scheme of arrangement is made to all our Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, our Company shall forthwith give notice thereof to the grantee and the grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company.

If a compromise or arrangement between our Company and our members or creditors is proposed, our Company shall give notice to the grantee on the same date as we dispatch the notice to each member or creditor of our Company summoning the meeting to consider such a compromise or arrangement, and thereupon the grantee (or his personal representatives) may until the expiry of the period commencing with such date and ending with the earlier of the date 2 calendar months thereafter or the date on which such compromise or arrangement is sanctioned by the court exercise any of his options (to the extent not already exercised) whether in full or in part, but the exercise of an option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective, and upon such compromise or arrangement becoming effective, all options shall lapse except insofar as previously exercised under the Post-IPO Share Option Scheme. Our Company may require the grantee to transfer or otherwise deal with the Shares issued as a result of the exercise of options in these circumstances so as to place the grantee in the same position, as nearly as possible, as would have been the case had such Shares been subject to such compromise or arrangement. If the option is not exercised within the time specified, the option shall lapse.

Rights on a voluntary winding up

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it dispatches such notice to each member of our Company give notice thereof to all grantees (together with a notice of the existence of the provisions of this rule) and thereupon, each grantee (or his personal representatives) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than 2 business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid. If the option is not exercised within the time specified, the option shall lapse.

Ranking of Shares

The Shares to be allotted and issued upon the exercise of an option shall be identical to the then existing issued shares of our Company and subject to all the provisions of the Memorandum and Articles and will rank *pari passu* with fully paid Shares in issue on the date the name of the grantee is registered on the register of members of our Company or if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members, save that the grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of our Company) declared or recommended or resolved to be paid to the Shareholders on the register on a date prior to such registration.

Duration

The Post-IPO Share Option Scheme shall be valid and effective for the period of ten years commencing on the Listing Date (after which, no further options shall be offered or granted), but in all other respects the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the rules of the Post-IPO Share Option Scheme.

Alteration of the Post-IPO Share Option Scheme

The Board may amend or vary any of the provisions of the Post-IPO Share Option Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the Post-IPO Share Option Scheme, which are not found in Chapter 17 of the Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any grantee at that date).

Those specific provisions of the Post-IPO Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Eligible

Person, and no changes to the authority of the administrator of the Post-IPO Share Option Scheme in relation to any alteration of the terms of the Post-IPO Share Option Scheme shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms of the Post-IPO Share Option Scheme which are of a material nature, or any change to the terms and conditions of Options granted, must also, to be effective, be approved by the Shareholders in general meeting and the Stock Exchange, except where the alterations take effect automatically under the existing terms of the Post-IPO Share Option Scheme. The options and the Post-IPO Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules. Any change to the authority of the Directors or scheme administrators in relation to any alteration to the terms of the Post-IPO Share Option Scheme must be approved by Shareholders of our Company in general meeting.

Notwithstanding any provisions to the contrary in the Post-IPO Share Option Scheme, if on the relevant date of exercise there are restrictions or conditions imposed by the relevant laws and regulations to which the grantee is subject and the grantee has not obtained approval, exemption or waiver from the relevant regulatory authorities for the subscription of and dealing in the Shares, the grantee may sell the options to such transferee, subject to the approval by the Board, which shall not unreasonably withhold or delay such approval. In the event that the options are transferred to a connected person of our Company, no Shares shall be allotted and issued upon the exercise of the options by a connected person of our Company unless the Board is satisfied that the allotment and issue of Shares will not result in any breach of the Listing Rules, the Articles, the Companies Law or the Takeovers Code.

Termination

The Shareholders by ordinary resolution in general meeting or the Board may at any time resolve to terminate the operation of the Post-IPO Share Option Scheme prior to the expiry of the Post-IPO Share Option Scheme and in such event no further options will be offered or granted but the provisions of the Post-IPO Share Option Scheme shall remain in full force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme. Options complying with the provisions of Chapter 17 of the Listing Rules which are granted during the life of the Post-IPO Share Option Scheme and remain unexercised and unexpired immediately prior to the termination of the operation of the Post-IPO Share Option Scheme shall continue to be valid and exercisable in accordance with their terms of issue after the termination of the Post-IPO Share Option Scheme.

Details of the options granted, including options exercised or outstanding, under the Post-IPO Share Option Scheme shall be disclosed in the circular to the Shareholders seeking approval of the new scheme established after the termination of the Post-IPO Share Option Scheme.

OTHER INFORMATION

Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

Litigation

Save as disclosed in this document and so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Global Offering (including any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option) and any Shares to be allotted and issued upon the exercise of the options which have been granted under the Pre-IPO Share Option Scheme and the options which may be granted under the Post-IPO Share Option Scheme.

CICC satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. Due to certain banking relationships between the group comprising Credit Suisse and certain connected persons of the Company, Credit Suisse may not be considered independent under the criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Joint Sponsors will receive an aggregate fee of US\$1 million for acting as sponsors to the Company in connection with the Listing.

Consents of experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation to conduct type 1 (dealing in securities), type 2 (dealing in future contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) regulated activities under the SFO
Credit Suisse (Hong Kong) Limited	A licensed corporation to conduct type 1 (dealing in securities), type 2 (dealing in future contracts), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance), and type 9 (asset management) of the regulated activities as defined under the SFO
Grandall Law Firm (Shanghai)	Qualified PRC Lawyers
Maples and Calder (Hong Kong) LLP	Cayman Islands attorneys-at-law
Deloitte Touche Tohmatsu	Certified public accountants
Cushman & Wakefield Limited	Independent industry consultant and independent property valuer

As of the Latest Practicable Date, none of the experts named above has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, securities in any member of our Group.

Binding effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

Bilingual document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Preliminary expenses

The preliminary listing expenses of the Global Offering are estimated to be approximately RMB225.1 million and are payable by our Company.

Disclaimers

- (a) Save as disclosed in this document, within the two years immediately preceding the date of this document:
 - (i) no share or loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid otherwise than in cash;
 - (ii) no commissions, discounts, brokerages or other special terms have been granted, have been paid or are payable in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries by our Company for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of our Company or any of our subsidiaries; and
 - (iii) taking no account of any Shares which may be issued under the Global Offering and allotted and issued pursuant to the options granted or which may be granted under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme, so far as is known to any Director or chief executive of the Company, no other person (other than a Director or chief executive of the Company) will, immediately following completion of the Global Offering,

have interests or short positions in the Shares and underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or (not being a member of the Group), be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

(b) Save as disclosed in this document:

- (i) we do not have any promoter and no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this document;
- (ii) there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;
- (iii) no share or loan capital or debenture of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (iv) none of the Directors or the experts named in the part headed “– Other information – Consents of experts” above has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (v) there is no arrangement under which future dividends are waived or agreed to be waived;
- (vi) our Company has no outstanding convertible debt securities or debentures;
- (vii) we do not have any issued and outstanding, authorised or otherwise created but unissued debt securities or term loans;
- (viii) there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business; and
- (ix) none of the Directors are materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of the Group.

**APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
IN HONG KONG AND AVAILABLE FOR INSPECTION**

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

- (a) copies of **WHITE, YELLOW** and **GREEN** Application Forms;
- (b) the written consents referred to in the section headed “Statutory and general information – Other information – Consents of experts” in Appendix IV; and
- (c) copies of the material contracts referred to in the section headed “Statutory and general information – Further information about our business – Summary of material contracts” in Appendix IV.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Skadden, Arps, Slate, Meagher & Flom at 42/F Edinburgh Tower, The Landmark, 15 Queen’s Road Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date which is 14 days from the date of this document:

- (a) the Memorandum and the Articles of Association;
- (b) the report issued by Cushman & Wakefield Limited, a summary of which is set forth in the section headed “Industry overview”;
- (c) a letter issued by Cushman & Wakefield Limited in respect of the review of the reasonableness of the rental fees and management fees of the Property Leasing Framework Agreement entered into between our Company and Mr. Zhou, a connected person (as defined under the Listing Rules) of the Company;
- (d) the PRC legal opinions issued by Grandall Law Firm (Shanghai), our PRC Legal Adviser on PRC law, in respect of certain general corporate matters and property interests in the PRC of our Group;
- (e) the Accountants’ Report and the report on the unaudited pro forma financial information of our Group prepared by Deloitte Touche Tohmatsu, the texts of which are set out in Appendices I and II;
- (f) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our legal adviser on Cayman Islands law, summarising certain aspects of Cayman company law referred to in Appendix III;
- (g) the Cayman Companies Law;

- (h) the written consents referred to in the section headed “Statutory and general information – Other information – Consents of experts” in Appendix IV;
- (i) the material contracts referred to in the section headed “Statutory and general information – Further information about our business – Summary of material contracts” in Appendix IV;
- (j) the service contracts and the letters of appointment with our Directors referred to in the section headed “Statutory and general information – Further information about our Directors – Particulars of Directors’ service contracts and appointment letters” in Appendix IV;
- (k) the rules of the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme; and
- (l) the full list of all the grantees who have been granted options to subscribe for Shares under the Pre-IPO Share Option Scheme, containing all the details as required under Rule 17.02(1)(b) of and paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.



易居(中國)企業控股有限公司
E-House (China) Enterprise Holdings Limited