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## **E-House (China) Enterprise Holdings Limited**

**易居（中國）企業控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2048)**

### **ISSUE OF US\$200 MILLION 7.75% SENIOR NOTES DUE 2021**

Reference is made to the announcement of the Company dated 15 February 2019 in relation to the proposed Notes Issue. On 21 February 2019, the Company, the Subsidiary Guarantors and the Initial Purchasers entered into the Purchase Agreement in relation to the issue of US\$200 million 7.75% senior notes due 2021.

The gross proceeds of the Notes Issue, before deducting underwriting discounts and other estimated expenses, will amount to approximately US\$196.8 million. The Company currently intends to use the net proceeds of the Notes Issue primarily for developing its business operations in the PRC. The Company may adjust the foregoing plans in response to changing market conditions, and thus, reallocate the use of proceeds in the future.

The Company will seek a listing of the Notes on the SEHK. A confirmation of the eligibility for the listing of the Notes has been received from the SEHK for the listing of the Notes by way of debt issues to professional investors only as described in the offering memorandum. The SEHK assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the SEHK and quotation of the Notes on the SEHK is not to be taken as an indication of the merits of the Company, its subsidiaries and associated companies or the Notes.

Closing of the Purchase Agreement and the Notes Issue is, subject to fulfilment of certain conditions, expected to take place on or about 28 February 2019.

**As the conditions to completion of the Purchase Agreement may or may not be satisfied and the Purchase Agreement may be terminated upon the occurrence of certain events, shareholders of the Company and prospective investors are advised to exercise caution when dealing in the securities of the Company.**

Reference is made to the announcement of the Company dated 15 February 2019 in relation to the proposed Notes Issue. The Board is pleased to announce that on 21 February 2019, the Company, the Subsidiary Guarantors and the Initial Purchasers entered into the Purchase Agreement in relation to the Notes Issue.

## **THE PURCHASE AGREEMENT**

Date: 21 February 2019

Parties: (a) the Company;  
(b) the Subsidiary Guarantors; and  
(c) the Initial Purchasers.

Credit Suisse and BOC International are the joint global coordinators, and Credit Suisse, BOC International, CICC, CMSHK, CRIC Securities, Founder Securities Capital, Guotai Junan Securities, Haitong International, HSBC, Orient Securities (Hong Kong), UBS and Zhongtai International are the joint lead managers and joint bookrunners in connection with the Notes Issue. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Credit Suisse, BOC International, CICC, CMSHK, CRIC Securities, Founder Securities Capital, Guotai Junan Securities, Haitong International, HSBC, Orient Securities (Hong Kong), UBS and Zhongtai International is an independent third party and not a Connected Person of the Company and its Connected Persons.

The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been, and will not be, registered under the Securities Act. The Notes will only be offered and sold by the Initial Purchasers outside the United States in compliance with Regulation S under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. None of the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) will be offered to the public in Hong Kong, the United States or any other jurisdiction or be placed to any Connected Person of the Company.

Closing of the Purchase Agreement and the Notes Issue is, subject to fulfilment of certain conditions, expected to take place on or about 28 February 2019.

## **Principal terms of the Notes**

The following is a summary of certain provisions of the Notes and the Indenture. This summary does not purport to be complete and is qualified in its entirety by reference to provisions of the documents relating to the Notes.

Issuer: the Company

Notes offered: subject to the fulfillment of certain conditions set out in the Purchase Agreement, the Company will issue the Notes in the aggregate principal amount of US\$200 million, which will mature on 28 February 2021, unless earlier redeemed pursuant to the terms thereof

Offering price: 98.424% of the principal amount of the Notes

Settlement date:	28 February 2019
Interest rate:	7.75% per annum, payable semi-annually in arrears on 28 February and 28 August of each year, beginning on 28 August 2019
Subsidiary Guarantees:	guarantees will be provided by the Subsidiary Guarantors pursuant to the Indenture

### ***Ranking of the Notes***

The Notes are:

- general obligations of the Company;
- senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;
- at least *pari passu* in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated obligations pursuant to applicable law);
- guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations;
- effectively subordinated to all existing and future secured obligations of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor; and
- effectively subordinated to all existing and future obligations of the subsidiaries of the Company which are not providing guarantees under the Notes.

### **Covenants**

The Notes and the Indenture governing the Notes will limit the ability of the Company and the ability of its Restricted Subsidiaries to, among other things:

- (a) incur or guarantee additional indebtedness or issue disqualified or preferred stock;
- (b) make investments or other specified restricted payments;
- (c) issue or sell capital stock of Restricted Subsidiaries;
- (d) guarantee indebtedness of Restricted Subsidiaries;
- (e) sell assets;
- (f) create liens;
- (g) enter into sale and leaseback transactions;
- (h) enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;

- (i) enter into transactions with shareholders or affiliates;
- (j) engage in any business other than permitted business; and
- (k) effect a consolidation or merger.

## **Events of Default**

The events of default under the Notes include, among others:

- (1) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (2) default in the payment of interest or additional amounts on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
- (3) default in the performance or breach of the provisions of certain covenants under the Indenture relating to consolidation, merger and sale of assets, or the failure by the Company to make or consummate an offer to purchase in the manner described under the Indenture;
- (4) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the holders of 25% or more in aggregate principal amount of the Notes;
- (5) there occurs with respect to any indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US\$15.0 million (or the dollar equivalent thereof) or more in the aggregate for all such indebtedness of all such Persons, whether such indebtedness now exists or shall hereafter be created, (a) an event of default that has caused the holder thereof to declare such indebtedness to be due and payable prior to its Stated Maturity and/or (b) a failure to make a principal payment when due;
- (6) one or more final judgments or orders for the payment of money are rendered against the Company or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US\$15.0 million (or the dollar equivalent thereof) (in excess of amounts which the Company's insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;
- (7) an involuntary case or other proceeding is commenced against the Company or any Significant Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary or for any substantial part of the property and assets of the Company or any Significant Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Significant Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

- (8) the Company or any Significant Subsidiary, (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary or for all or substantially all of the property and assets of the Company or any Significant Subsidiary or (c) effects any general assignment for the benefit of creditors; or
- (9) any Subsidiary Guarantor or JV Subsidiary Guarantor denies or disaffirms in writing its obligations under its Subsidiary Guarantee or JV Subsidiary Guarantee or, except as permitted by the Indenture, any Subsidiary Guarantee or JV Subsidiary Guarantee is determined to be unenforceable or invalid or will for any reason cease to be in full force and effect.

If an event of default (other than an event of default specified in clause (7) or (8) above) occurs and is continuing under the Indenture, the Trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the holders), may, and the Trustee at the written direction of such holders, subject to being indemnified and/or secured and/or pre-funded to its satisfaction, shall declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an event of default specified in clause (7) or (8) above occurs with respect to the Company or any Significant Subsidiary, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holder.

### **Optional Redemption**

The Company may at its option redeem the Notes, in whole but not in part, at any time prior to 28 February 2021, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. Neither the Trustee nor any of the agents shall be responsible for calculating or verifying the applicable premium.

At any time and from time to time prior to 28 February 2021, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 107.75% the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption.

## Proposed use of proceeds

The gross proceeds of the Notes Issue, before deducting underwriting discounts and other estimated expenses, will amount to approximately US\$196.8 million. The Company currently intends to use the net proceeds of the Notes Issue primarily for developing its business operations in the PRC. The Company may adjust the foregoing plans in response to changing market conditions, and thus, reallocate the use of proceeds in the future.

## Listing and Rating

The Company will seek a listing of the Notes on the SEHK. A confirmation of the eligibility for the listing of the Notes has been received from the SEHK for the listing of the Notes by way of debt issues to professional investors only as described in the offering memorandum. The SEHK assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the SEHK and quotation of the Notes on the SEHK is not to be taken as an indication of the merits of the Company, its subsidiaries and associated companies or the Notes.

The Notes are expected to be rated “BB” by S&P Global Ratings. Such ratings do not constitute recommendations to purchase, sell or hold the Notes and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization.

**As the conditions to completion of the Purchase Agreement may or may not be satisfied and the Purchase Agreement may be terminated upon the occurrence of certain events, shareholders of the Company and prospective investors are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

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

“Board”	:	the board of Directors
“BOC International”	:	BOCI Asia Limited, one of the joint global coordinators, joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“CMSHK”	:	China Merchants Securities (HK) Co., Limited, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“CICC”	:	China International Capital Corporation Hong Kong Securities Limited, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“Company”	:	E-House (China) Enterprise Holdings Limited (易居(中國)企業控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the SEHK



“Connected Person(s)”	:	has the meaning ascribed to it under the Listing Rules
“Credit Suisse”	:	Credit Suisse (Hong Kong) Limited, one of the joint global coordinators, joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“CRIC Securities”	:	CRIC Securities Company Limited, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“Default”	:	any event that is, or after notice or passage of time or both would be, an event of default under the Indenture
“Director(s)”	:	the director(s) of the Company
“Founder Securities Capital”	:	Founder Securities (Hong Kong) Capital Company Limited, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“Group”	:	the Company and its subsidiaries
“Guotai Junan Securities”	:	Guotai Junan Securities (Hong Kong) Limited, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“Haitong International”	:	Haitong International Securities Company Limited, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“Hong Kong”	:	the Hong Kong Special Administrative Region of the PRC
“HSBC”	:	The Hongkong and Shanghai Banking Corporation Limited, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“Indenture”	:	the indenture to be entered into by the Company, the Subsidiary Guarantors and the trustee of the Notes
“Initial Purchasers”	:	Credit Suisse, BOC International, CICC, CSMHK, CRIC Securities, Founder Securities Capital, Guotai Junan Securities, Haitong International, HSBC, Orient Securities (Hong Kong), UBS and Zhongtai International
“JV Subsidiary Guarantee”	:	a limited recourse guarantee given by a JV Subsidiary Guarantor
“JV Subsidiary Guarantor”	:	each subsidiary of the Company which in the future provides a JV Subsidiary Guarantee
“Listing Rules”	:	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Notes”	:	the 7.75% senior notes due 2021 in the aggregate principal amount of US\$200 million to be issued by the Company subject to the terms and conditions of the Purchase Agreement
“Notes Issue”	:	the issue of the Notes by the Company
“Orient Securities (Hong Kong)”	:	Orient Securities (Hong Kong) Limited, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“Person”	:	any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof
“PRC”	:	the People’s Republic of China, excluding Hong Kong, Macau and Taiwan for the purposes of this announcement
“Purchase Agreement”	:	the agreement to be entered into among the Company, the Subsidiary Guarantors and the Initial Purchasers in relation to the Notes Issue
“Restricted Subsidiary”	:	any subsidiary of the Company other than an Unrestricted Subsidiary
“Securities Act”	:	the United States Securities Act of 1933, as amended
“SEHK”	:	The Stock Exchange of Hong Kong Limited
“Significant Subsidiary”	:	any Restricted Subsidiary or any group of Restricted Subsidiaries that, taken together, would be a “significant subsidiary” using the conditions specified in the definition of significant subsidiary in Article 1, Rule 1-02(w) of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date of the Indenture, if any of the conditions exceeds 5 percent
“Stated Maturity”	:	(1) with respect to any indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such indebtedness is due and payable as set forth in the documentation governing such indebtedness and (2) with respect to any scheduled installment of principal of or interest on any indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such indebtedness
“Subsidiary Guarantee”	:	a guarantee of the obligations of the Company under the Indenture and the Notes by a Subsidiary Guarantor



- “Subsidiary Guarantor” : each Restricted Subsidiary which is guaranteeing the Notes, provided that “Subsidiary Guarantors” will not include (i) any Restricted Subsidiary organized under the laws of the PRC, (ii) E-house Vietnam Real Estate Brokerage Joint Stock Company and (iii) any Restricted Subsidiary organized outside the laws of the PRC and designated as a “New Offshore Non-Guarantor Subsidiary” by the Company under the Indenture (as of the date of the Purchase Agreement, the Subsidiary Guarantors will consist of Fangyou Information Technology Holdings Ltd. and Hong Kong Fangyou Software Technology Co. Ltd.)
- “Trustee” : The Hongkong and Shanghai Banking Corporation Limited
- “UBS” : UBS AG Hong Kong Branch, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
- “Unrestricted Subsidiary” : (1) any subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture and (2) any subsidiary of an Unrestricted Subsidiary
- “U.S.” or “United States” : the United States of America, its territories and possessions and all areas subject to its jurisdiction
- “US\$”, “USD” or “U.S. dollar” : United States dollar(s), the lawful currency of the United States
- “Zhongtai International” : Zhongtai International Securities Limited, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes

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

Hong Kong, 22 February 2019

*As at the date of this announcement, the Board of Directors of the Company comprises Mr. Zhou Xin as Chairman and Executive Director, Mr. Huang Canhao, Dr. Cheng Li-Lan and Dr. Ding Zuyu as Executive Directors, Dr. Xia Hai Jun, Mr. Mo Bin, Dr. Zhu Jiusheng and Ms. Xie Mei as Non-executive Directors, and Mr. Zhang Bang, Mr. Zhu Hongchao, Mr. Wang Liqun and Mr. Li Jin as Independent Non-executive Directors.*