



IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

CAUSE NO: FSD OF 2022 ()

IN THE MATTER OF SECTION 86 OF THE COMPANIES ACT (2022 REVISION)

AND

IN THE MATTER OF E-HOUSE (CHINA) ENTERPRISE HOLDINGS LIMITED

PETITION

To the Grand Court

This humble petition (the "**Petition**") of E-House (China) Enterprise Holdings Limited (the "**Scheme Company**"), of PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, shows that:

INTRODUCTION

1 The object of this Petition is to seek the sanction of the Court pursuant to section 86 of the Companies Act (2022 Revision) (the "**Companies Act**") to a proposed scheme of arrangement

This PETITION is filed by Maples and Calder (Cayman) LLP, Attorneys-at-Law for the Scheme Company, whose address for service is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. (Ref: NHL/NDS/AAD/RNH/738375.10/71354621)

(the "**Scheme**") between the Scheme Company and, without double counting, the persons with an economic or beneficial interest as principal in the Old Notes as at the record date (to be set by the Court), the Old Notes Trustee and the Depository (as defined and detailed in paragraphs 15 to 30 below) (the "**Scheme Creditors**").

- 2 A copy of the Scheme will be exhibited to an affirmation made by a director or authorised representative of the Scheme Company (the "**Company Affirmation**"), which will be filed with this Honourable Court.

THE SCHEME COMPANY

- 3 The Scheme Company was incorporated in the Cayman Islands under the Companies Act on 22 February 2010 as an exempted company with limited liability (registration number 237426).
- 4 The Scheme Company's registered office is at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.
- 5 The shares of the Scheme Company have been listed on the main board of the Stock Exchange of Hong Kong ("**SEHK**") since 20 July 2018, with Stock Code 2048.
- 6 As at the date of this Petition the authorised share capital of the Scheme Company is US\$50,000.
- 7 The objects for which the Scheme Company was established are stated in its Amended and Restated Memorandum and Articles of Association (dated 4 July 2018) to be unrestricted.

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BUSINESS OF THE GROUP

- 8 The Scheme Company is the ultimate holding company of a group of more than 300 companies (together, the "**Group**") that primarily carries on the business of real estate agency services, real estate data and consulting services and real estate brokerage network services in the People's Republic of China (the "**PRC**", which for the purpose of this Petition does not include Hong Kong, Macau or Taiwan). The Group also provides digital marketing services.
- 9 The Scheme Company's principal place of business is in Shanghai, PRC.

ASSETS

- 10 The Scheme Company's and the Group's audited accounts for the year ended 31 December 2021 are not available as at the date of this Petition. However, unaudited accounts for that period are available and, together with supplementary information from the Scheme Company current as at 31 March 2022, which will be addressed in the Company Affirmation, are the basis of the figures herein. The accounts are reported in RMB; for convenience an approximate US\$ figure is included in brackets in this Petition (based on the US Federal Reserve rate for 30 December 2021).
- 11 As the ultimate holding company in the Group, the Scheme Company's principal assets are:
- 11.1 its shares in the following wholly owned subsidiaries: Fangyou Information Technology Holdings Limited (房友信息技術控股有限公司) ("**Fangyou**"), a company incorporated in the British Virgin Islands, that wholly owns Hong Kong Fangyou Software Technology Company Limited (香港房友軟件技術有限公司) ("**Hong Kong Fangyou**"), a company incorporated in Hong Kong, that wholly owns E-House Enterprise (China)

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Group Co., Limited (易居企业 (中国) 集团有限公司), a company incorporated in the PRC that owns, directly or indirectly, a number of other PRC-incorporated entities that carry out the Group's real estate business.

- 11.2 a 70.23 per cent interest in the shares of TM Home Limited, a company incorporated in the Cayman Islands that in turn owns:
- (a) 55.84 per cent of Leju Holdings Limited, also a Cayman Islands company that has a number of subsidiaries that also carry out real estate business of the Group and that is listed on the New York Stock Exchange;
 - (b) TM Home (Hong Kong) Limited, which wholly owns subsidiaries that carry on real estate intermediary and e-commerce business of the Group;
 - (c) E-House (China) International Property Development Limited, which in turn wholly owns via its subsidiaries a number of PRC-incorporated entities that carry out the Group's real estate brokerage business.

11.3 As at 31 March 2022, the net book value of the Scheme Company's investments in other Group companies was approximately RMB 3,300,000,000 (US\$517,842,000).

12 The Scheme Company also has the following assets, as at 31 March 2022:

- 12.1 cash and cash equivalents with a value of approximately RMB 13,380,000 (US\$2,100,000);
- 12.2 receivables from other Group companies, of approximately RMB 4,734,600,000 (US\$742,962,000);

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- 12.3 receivables of approximately RMB 275,400,000 (US\$43,216,000) and loans of approximately RMB 543,800,000 (US\$85,334,000) from other entities arising from the Scheme Company's real estate business; and
- 12.4 an investment in an associate company, CRIC Capital Service Holdings Limited, which has a net book value of approximately RMB 83,700,000 (US\$13,134,000).
- 13 However, with the exception of its cash and cash equivalents, and its interests in Leju Holdings Limited (which is indirect) and CRIC Capital Service Holdings Limited, the Scheme Company's assets are not readily realisable and are unlikely to be recoverable in full or, in some instances, at all.
- 14 The principal assets of the Group are held by the PRC-incorporated entities referred to in paragraphs 11.1 and 11.2 above. Such assets include receivables, contract assets, financial assets, and bank balances and deposits. Other than that held by the Scheme Company, the Group holds cash or cash equivalents in the amount of RMB 3,298,000,000 (approximately US\$517,528,000) in total.

THE OLD NOTES

- 15 The Scheme Company has issued certain senior notes that will be subject to the Scheme, namely the:
- 15.1 2022 Notes; and
- 15.2 2023 Notes.

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Each of these is defined and detailed below in paragraphs 16 to 30. Together, they are referred to as the "**Old Notes**". In summary:

Old Notes	Outstanding Principal	Interest Rate (per annum)	Maturity Date
2022 Notes	US\$298,200,000	7.625%	18 April 2022
2023 Notes	US\$300,000,000	7.60%	10 June 2023

- 16 In this Petition, the persons with an economic or beneficial interest as principal in the Old Notes, each of whom has a right, upon satisfaction of certain conditions, to be issued definitive registered notes in accordance with the terms of the Old Notes, are referred to as Noteholders.
- 17 The Old Notes are guaranteed by certain subsidiaries of the Scheme Company, namely Fangyou and Hong Kong Fangyou (the "**Subsidiary Guarantors**").
- 18 Each of the Subsidiary Guarantors has jointly and severally guaranteed the due and punctual payment of the principal of, premium (if any), interest on, and all other amounts payable under each of the Old Notes.

2022 Notes

- 19 Pursuant to an indenture dated 18 October 2019 between the Scheme Company (the "**First Indenture**"), the Subsidiary Guarantors and the Hongkong and Shanghai Banking Corporation Limited ("**HSBC**") as trustee, the Scheme Company issued certain senior notes with an aggregate principal amount of US\$200,000,000.

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- 20 On or around 14 August 2020, the Scheme Company issued additional notes, pursuant to the First Indenture, in an aggregate principal amount of US\$100,000,000, which were consolidated with the above notes to form a single series on the same terms and conditions in all respects (except for the issue date and issue price), including a maturity date of 18 April 2022 (together, the "**2022 Notes**").
- 21 The interest rate on the 2022 Notes is 7.625 per cent per annum, payable in arrears semi-annually on 18 April and 18 October of each year. The 2022 Notes were listed on the Stock Exchange of Hong Kong ("**SEHK**") (ISIN: XS2066636429 / Stock Code: 40024) and were delisted upon their maturity on 19 April 2022.
- 22 The First Indenture is governed by the laws of the state of New York.
- 23 On 3 November 2020, the Scheme Company repurchased and cancelled certain of the 2022 Notes, such that the outstanding principal amount of the 2022 Notes is US\$298,200,000. As at the maturity date of the 2022 Notes, the total amount of accrued and unpaid interest under the 2022 Notes was US\$11,368,875. The 2022 Notes are in default as explained at paragraph 39 below. The 2022 Notes are unsecured.

2023 Notes

- 24 Pursuant to an indenture dated 10 December 2020 between the Scheme Company (the "**Second Indenture**"), the Subsidiary Guarantors and HSBC as trustee, the Scheme Company issued certain senior notes with an aggregate principal amount of US\$200,000,000.
- 25 On or around 11 June 2021, the Scheme Company issued additional notes, pursuant to the Second Indenture, in an aggregate principal amount of US\$100,000,000, which were consolidated with the above notes to form a single series on the same terms and conditions in

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all respects (except for the issue date and issue price), including a maturity date of 10 June 2023 (together, the "**2023 Notes**").

- 26 The interest rate on the 2023 Notes is 7.60 per cent per annum, payable in arrears semi-annually on 10 June and 10 December of each year. The 2023 Notes are listed on the SEHK (ISIN: XS2260179762 / Stock Code: 40507).
- 27 The Second Indenture is governed by the laws of the state of New York.
- 28 The Scheme Company has not repurchased any of the 2023 Notes, such that the outstanding principal amount of the 2023 Notes remains US\$300,000,000. As at the most recent interest payment date of the 2023 Notes (10 June 2022), the total amount of accrued and unpaid interest under the 2023 Notes was US\$11,400,000. The 2023 Notes are in default as explained at paragraph 39 below. The 2023 Notes are unsecured.
- 29 The trustee under the First Indenture and the Second Indentures is referred to in this Petition as the Old Notes Trustee.
- 30 The registered holder and common depositary of the 2022 Notes and the 2023 Notes for the relevant clearing systems under the First Indenture and the Second Indenture is referred to in this Petition as the Depositary.

THE FINANCIAL POSITION OF THE SCHEME COMPANY AND THE GROUP

The Scheme Company

- 31 As at 31 March 2022, the Scheme Company had assets with a net book value of approximately RMB 8,967,000,000 (approximately US\$1,407,000,000). It had total liabilities of approximately RMB 5,981,189,000 (approximately US\$938,579,000), comprising:

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- 31.1 the principal amounts outstanding under the Old Notes;
- 31.2 approximately RMB 1,400,000,000 (US\$219,691,000) due to other Group companies;
- 31.3 approximately RMB 756,900,000 (US\$118,774,000) due to Alibaba.com Hong Kong Limited ("**Alibaba**") pursuant to a convertible note (the "**Convertible Note**") the Scheme Company issued to Alibaba on 4 November 2020 in the principal amount of HK\$1,031,900,000 (approximately US\$135,000,000). This Convertible Note carries interest of 2 per cent per annum, to be paid quarterly. It has a settlement date of 4 November 2023; and
- 31.4 approximately RMB 12,200,000 (US\$1,914,000) other payables.
- 32 At book value, the Scheme Company's assets exceed its liabilities. However, as outlined in paragraph 13 above, the majority of these assets are not readily realisable and are unlikely to be recoverable in full or, in some instances, at all. As detailed in paragraph 39 below, the Scheme Company is insolvent on a cash flow basis.
- 33 The Scheme Company and the Group have also experienced difficulties throughout the second half of 2021 and first half of 2022, as detailed in paragraphs 38 to 39 below and as will be detailed in the Company Affirmation.

The Group

- 34 For the year ended 31 December 2021, the Group recorded the following (unaudited) financial position:
- 34.1 revenue of RMB 8,844,400,000 (US\$1,387,879,000), a year-on-year increase of 9.8 per cent; and

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- 34.2 a loss of RMB 9,374,500,000 (US\$1,471,064,000), compared to a profit of RMB 439,200,000 (approximately US\$68,920,000) in the previous year.
- 35 As at 31 December 2021, the Group's non-current assets on a consolidated basis amounted to approximately RMB 5,770,116,000 (approximately US\$905,457,000) and its current assets on a consolidated basis amounted to approximately RMB 9,381,078,000 (approximately US\$1,472,096,000).
- 36 As at 31 December 2021, the Group was balance sheet solvent, with a net asset position of RMB 2,996,157,000 (approximately US\$470,162,000). However, this was a decrease from its net asset position at 30 June 2021 of RMB 9,772,119,000 (approximately US\$1,533,459,000).
- 37 In addition to the Old Notes and the Convertible Note, the Group's financial indebtedness consists primarily of bank borrowings with a total principal amount of approximately RMB 1,286,500,000 (approximately US\$201,880,000). These bank borrowings are primarily secured against properties owned by the Group and by bank deposits that had (as at 31 December 2021) a carry amount of US\$118,400,000. As at 31 December 2022, the Group's total amount of PRC indebtedness (including bank borrowings) was RMB 2,321,464,460.06 (US\$364,288,000), of which approximately RMB 1,646,464,460 (US\$258,366,000) was secured and RMB 675,000,000 (US\$105,922,000) was unsecured.

BACKGROUND TO THE RESTRUCTURING

- 38 Since mid-2021, the Scheme Company and Group have been negatively affected by the downturn in the PRC property market. This has had a negative impact on the Group's cash flow and has led to significantly decreased liquidity and difficulties in securing external financing from PRC banks and the offshore capital markets. Other factors that have impacted

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the Group's business include the tightening of supervision of financing activities and cash balances more generally, by onshore and offshore banks.

- 39 Owing to these factors, and despite the best efforts of the Group, the Scheme Company has been unable to meet its short-term debt maturities. In particular, the aggregate principal amount of the 2022 Notes and accrued but unpaid interest thereon were not paid on the maturity date of 18 April 2022, which constituted an event of default under the terms of the First Indenture. Those amounts remain unpaid as of the date of this Petition. The Scheme Company's default under the terms of the First Indenture in turn triggered a cross-default under the terms of the Convertible Note, which in turn triggered a cross-default under the Second Indenture (regarding the 2023 Notes). The default under the Convertible Note has now been waived. However, the Old Notes remain due and payable. As a result of its limited liquidity, as outlined earlier in this Petition, the Scheme Company is unable to pay its debts and is therefore insolvent on a cash flow basis.
- 40 As a consequence of the terms of the waiver of the default under the Convertible Note in paragraph 39 above, the Scheme Company will cause two subsidiaries of the Scheme Company – CRIC Holdings Limited and CRIC Holdings (HK) Limited – to guarantee the Scheme Company's obligations under the Old Notes (in addition to the two Subsidiary Guarantors listed in paragraph 17 above) and the Convertible Note. As at the date of this Petition, these additional guarantees have not yet been executed.
- 41 At the request of the Scheme Company, trading in the 2023 Notes was suspended from 9.00 am on 19 April 2022 and remains suspended at the date of this Petition.
- 42 As at the date of this Petition, Noteholders holding approximately 90 per cent of the aggregate outstanding principal amount of the Old Notes had entered into, or acceded to, a Restructuring

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Support Agreement (the "**RSA**"), which appended a term sheet setting out the terms of the proposed restructuring (the "**Restructuring**").

- 43 Since the date that the RSA was entered into, certain aspects of the Restructuring have been altered. In particular, the consideration to be provided to Scheme Creditors that represents notes will no longer initially be provided as beneficial interests in global notes. Instead, Scheme Creditors will receive physical notes that can, on certain conditions being satisfied, at a later date be exchanged for an equal principal amount of global notes.

OBJECTS AND MECHANICS OF THE SCHEME AND THE RESTRUCTURING

- 44 The purpose of the Restructuring is threefold:

44.1 To avoid the Scheme Company and other members of the Group potentially entering into insolvent liquidation (or other appropriate insolvency proceedings) in the near future, as a result of which the anticipated recoveries for the Noteholders may be significantly less than if the Restructuring were to be completed successfully;

44.2 To alleviate cash flow pressure on the Group, which will enable it to comply with its obligations and liabilities following the Restructuring, and provide it with increased flexibility in its operations such that it may continue to trade on a going concern basis and to recover as the PRC property market stabilises; and

44.3 To increase the prospect of delivering long-term value for the Noteholders and all of the other stakeholders of the Scheme Company.

- 45 The Restructuring will comprise the Scheme and shall effect a compromise as between the Scheme Company and the Scheme Creditors. In summary, pursuant to the terms of the Scheme, the Scheme Creditors will agree to release in full all claims under and in connection

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with the Old Notes against the Scheme Company, the Subsidiary Guarantors, their respective affiliates and personnel, and other persons in return for receiving (or being entitled to receive) certain consideration (the “**Restructuring Consideration**”).

- 46 The Restructuring Consideration comprises:
- 46.1 a cash payment of US\$60 per US\$1,000 in outstanding principal amount of the Old Notes held by each Scheme Creditor;
 - 46.2 “**New Physical US\$ Notes**” to be issued by the Scheme Company in an aggregate principal amount of US\$940 per US\$1,000 in principal amount of the Old Notes held by each Scheme Creditor; and
 - 46.3 payment of accrued but unpaid interest on the Old Notes, in cash in respect of amounts accrued prior to 18 April 2022 and in New Physical US\$ Notes in respect of amounts accrued on or after 18 April 2022.
- 47 In addition, the Scheme Company will, subject to certain conditions specified in the RSA, pay each Scheme Creditor who acceded to the RSA by the 'RSA Fee Deadline' of 4:00pm London time on 22 April 2022 (the “**Consenting Creditor**”), an Instruction Fee in an amount equal to 1 per cent (the RSA provides that the Scheme Company may increase the Instruction Fee at its discretion; it has not done and will not do so) of the aggregate principal amount of the Old Notes held by such Consenting Creditor as of the RSA Fee Deadline.
- 48 The Scheme has one class of Scheme Creditor, namely, without double counting, the persons with an economic or beneficial interest as principal in the Old Notes as at the record date (to be set by the Court), the Old Notes Trustee and the Depository.

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ORDERS AND DIRECTIONS

49 The Scheme Company intends to make an application for, among other things, orders and directions:

49.1 that the relevant class of Scheme Creditors affected by the Scheme is that referred to in paragraph 48 above;

49.2 that the Scheme Company be at liberty to convene a single meeting of Scheme Creditors (the "**Scheme Meeting**") for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme;

49.3 as to the mode of delivery of a scheme document (which includes an explanatory statement and notice of the Scheme Meeting) to the Scheme Creditors and that a record date be set for the purposes of dispatch and for the purposes of voting at the Scheme Meeting;

49.4 as to the appointment of a chairperson of the Scheme Meeting, and for directions that they report the result thereof to the Court; and

49.5 as to the appointment of a foreign representative.

50 That the resolution intended to be put to the Scheme Creditors at the Scheme Meeting is:


"THAT the Scheme of Arrangement, a copy of which has been tabled at this Scheme Meeting, be approved subject to any modification, addition or condition that the Grand Court of the Cayman Islands may think fit to approve or impose, which would not directly or indirectly have a material adverse effect on the rights of the Scheme Creditors."

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YOUR PETITIONER THEREFORE HUMBLY PRAYS THAT:

- (1) The Scheme may be sanctioned by the Court so as to be binding on each party thereto in accordance with its terms.
- (2) To this end, all necessary inquiries may be made and directions may be made and given.
- (3) Such further or other relief may be granted as the Court sees fit.

Dated the 28th day of July 2022



Maples and Calder (Cayman) LLP

Attorneys-at-Law for the Scheme Company

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15

ENDORSEMENT

This Petition has been presented to the Grand Court of the Cayman Islands on the 28th day of July 2022 and will be heard by the Grand Court of the Cayman Islands on the day of 2022 at a.m. / p.m. in the fore/after noon (or as soon thereafter as the Petition can be heard).

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