

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 20-F**

(Mark One)

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(B) OR 12(G) OF THE SECURITIES EXCHANGE ACT OF 1934**
- OR**
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D)  
OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015.**
- OR**
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D)  
OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM      TO**
- OR**
- SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of event requiring this shell company report**

Commission file number: 001-36140

**58.com Inc.**

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

**Cayman Islands**

(Jurisdiction of incorporation or organization)

**Building 105, 10 Jiuxianqiao North Road Jia  
Chaoyang District, Beijing 100015  
People's Republic of China**

(Address of principal executive offices)

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People's Republic of China**

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

| <u>Title of each class</u>   | <u>Name of each exchange on which registered</u>    |
|--|---|
| American depositary shares, each representing two Class A ordinary shares<br>Class A ordinary shares, par value US\$0.00001 per share* | New York Stock Exchange<br>New York Stock Exchange* |

\* Not for trading, but only in connection with the listing on the New York Stock Exchange of American depositary shares.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

**None**  
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

**None**  
(Title of Class)



Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report. 283,068,677 ordinary shares, par value US\$0.00001 per share, being the sum of 219,413,764 Class A ordinary shares and 63,654,913 Class B ordinary shares as of December 31, 2015.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes  No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP  International Financial Reporting Standards as issued by the International Accounting Standards Board  Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.  Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.  Yes  No

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## INTRODUCTION

In this annual report, unless otherwise indicated or the context otherwise requires, references to:

- “ADSs” refers to our American depositary shares, each of which represents two Class A ordinary shares of 58.com Inc.;
- “58.com,” “we,” “us,” “our company,” and “our” refer to 58.com Inc., its subsidiaries and its consolidated variable interest entities;
- “China” or “PRC” refers to the People’s Republic of China, excluding, for purposes of this annual report only, Taiwan, Hong Kong and Macau;
- “Renminbi” or “RMB” refers to the legal currency of China;
- “U.S. GAAP” refers to generally accepted accounting principles in the United States; and
- “US\$,” “dollars” or “U.S. dollars” refers to the legal currency of the United States.

### SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F contains forward-looking statements that relate to our current expectations and views of future events. The forward-looking statements are contained principally in the items entitled “Information on the Company,” “Risk Factors,” “Operating and Financial Review and Prospects,” “Financial Information” and “Quantitative and Qualitative Disclosures About Market Risk.” Our forward-looking statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under “Risk Factors,” which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigations Reform Act of 1995. You can identify some of these forward-looking statements by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “is/are likely to,” “potential,” “continue” or other similar expressions, although not all forward-looking statement contain these words. Forward-looking statements include, but are not limited to, statements relating to:

- our goals and strategies;
- our expansion plans;
- our future business development, financial condition and results of operations;
- the expected growth of the online marketing services, mobile services and e-commerce industries;
- our expectations regarding demand for, and market acceptance of, our services;
- our expectations regarding keeping and strengthening our relationships with customers;
- our plans to invest in research and development to enhance our solution and service offerings; and
- general economic and business conditions in the regions where we provide our solutions and services.

We would like to caution you not to place undue reliance on forward-looking statements and you should read these statements in conjunction with the risk factors disclosed in “Item 3. Key Information — D. Risk Factors.” Those risks are not exhaustive. We operate in an emerging and evolving environment. New risk factors emerge from time to time and it is impossible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. We do not undertake any obligation to update or revise the forward-looking statements except as required under applicable law. You should read this annual report and the documents that we reference in this annual report completely and with the understanding that our actual future results may be materially different from what we expect.

**PART I**

**ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS**

Not applicable.

**ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE**

Not applicable.

**ITEM 3. KEY INFORMATION**

**A. Selected Financial Data**

**Selected Consolidated Financial Data**

The following table presents the selected consolidated financial information of our company. Our summary data of consolidated statements of comprehensive income/(loss) and summary consolidated cash flow data presented below for the years ended December 31, 2013, 2014 and 2015 and our summary consolidated balance sheet data as of December 31, 2014 and 2015 have been derived from our audited consolidated financial statements included elsewhere in this annual report. Our summary data of consolidated statements of comprehensive income/(loss), and summary consolidated cash flow data presented below for the years ended December 31, 2011 and 2012 and our summary consolidated balance sheet data as of December 31, 2011, 2012 and 2013 have been derived from our audited consolidated financial statements which are not included in this annual report. Our audited consolidated financial statements are prepared in accordance with U.S. GAAP.

You should read the summary consolidated financial information in conjunction with our consolidated financial statements and related notes and “Item 5. Operating and Financial Review and Prospects” included elsewhere in this annual report. Our historical results are not necessarily indicative of our results expected for future periods.

|  | <b>For the Year Ended December 31,</b>                               |                  |                  |                  |                  |
|--|--|------------------|------------------|------------------|------------------|
|  | <b>2011</b>  | <b>2012</b>      | <b>2013</b>      | <b>2014</b>      | <b>2015</b>      |
|  | (in thousands of US\$, except for share, per share and per ADS data) |                  |                  |                  |                  |
| <b>Summary Data of Consolidated Statements of Comprehensive Income/(Loss):</b> |  |                  |                  |                  |                  |
| Revenues:  |  |                  |                  |                  |                  |
| Membership   | 19,654   | 47,919           | 85,725           | 139,490          | 297,150          |
| Online marketing services  | 15,500   | 28,509           | 58,457           | 125,033          | 385,543          |
| E-commerce service   | —  | —                | —                | —                | 23,046           |
| Other services   | 6,380  | 10,694           | 1,565            | 455              | 9,097            |
| <b>Total revenues</b>  | <b>41,534</b>  | <b>87,122</b>    | <b>145,747</b>   | <b>264,978</b>   | <b>714,836</b>   |
| Cost of revenues <sup>(1)</sup>  | (6,301)  | (10,406)         | (8,471)          | (13,844)         | (51,268)         |
| <b>Gross profit</b>  | <b>35,233</b>  | <b>76,716</b>    | <b>137,276</b>   | <b>251,134</b>   | <b>663,568</b>   |
| Operating expenses <sup>(1)</sup> :  |  |                  |                  |                  |                  |
| Sales and marketing expenses   | (100,134)  | (76,422)         | (84,534)         | (180,148)        | (689,014)        |
| Research and development expenses  | (7,784)  | (18,464)         | (25,138)         | (43,676)         | (121,404)        |
| General and administrative expenses  | (10,721)   | (13,088)         | (12,983)         | (20,633)         | (105,049)        |
| <b>Total operating expenses</b>  | <b>(118,639)</b>   | <b>(107,974)</b> | <b>(122,655)</b> | <b>(244,457)</b> | <b>(915,467)</b> |
| <b>Income/(loss) from operations</b>   | <b>(83,406)</b>  | <b>(31,258)</b>  | <b>14,621</b>    | <b>6,677</b>     | <b>(251,899)</b> |
| Net income/(loss)  | (83,402)   | (30,401)         | 19,557           | 22,644           | (262,956)        |
| Add: Net loss attributable to noncontrolling interests                         | —  | —                | —                | —                | 12,920           |
| Less:  |  |                  |                  |                  |                  |
| Deemed dividend to mezzanine classified noncontrolling interests               | —  | —                | —                | —                | (898)            |
| Accretions to preference shares redemption values                              | (6,547)  | (10,233)         | (9,134)          | —                | —                |
| Income attributable to preference shareholders                                 | —  | —                | (1,230)          | —                | —                |
| <b>Net income/(loss) attributable to 58.com Inc.</b>                           | <b>(89,949)</b>  | <b>(40,634)</b>  | <b>9,193</b>     | <b>22,644</b>    | <b>(250,934)</b> |

|  | <b>For the Year Ended December 31,</b>                               |                 |               |               |                  |
|--|--|-----------------|---------------|---------------|------------------|
|  | <b>2011</b>  | <b>2012</b>     | <b>2013</b>   | <b>2014</b>   | <b>2015</b>      |
|  | (in thousands of US\$, except for share, per share and per ADS data) |                 |               |               |                  |
| Net income/(loss)  | (83,402)   | (30,401)        | 19,557        | 22,644        | (262,956)        |
| Foreign currency translation adjustment, net of nil tax  | 2  | (48)            | (570)         | 396           | (174,419)        |
| Unrealized gain/(loss) on available-for-sale securities  | —  | —               | —             | (1,111)       | 2,978            |
| <b>Total comprehensive income/(loss)</b>   | <b>(83,400)</b>  | <b>(30,449)</b> | <b>18,987</b> | <b>21,929</b> | <b>(434,397)</b> |
| Net income/(loss) per ordinary share attributable to ordinary shareholders – basic               | (2.03)   | (0.92)          | 0.14          | 0.13          | (1.07)           |
| Net income/(loss) per ordinary share attributable to ordinary shareholders – diluted             | (2.03)   | (0.92)          | 0.13          | 0.13          | (1.07)           |
| Net income/(loss) per ADS attributable to ordinary shareholders – basic                          | (4.07)   | (1.84)          | 0.29          | 0.27          | (2.14)           |
| Net income/(loss) per ADS attributable to ordinary shareholders – diluted                        | (4.07)   | (1.84)          | 0.27          | 0.26          | (2.14)           |
| Weighted average number of ordinary shares used in computing basic earnings/(losses) per share   | 44,245,388   | 44,245,388      | 63,717,007    | 168,589,273   | 234,811,986      |
| Weighted average number of ordinary shares used in computing diluted earnings/(losses) per share | 44,245,388   | 44,245,388      | 69,159,524    | 174,024,997   | 234,811,986      |

Notes:

(1) Share-based compensation expenses were allocated in cost of revenues and operating expenses as follows:

|                                     | <b>For the Year Ended December 31,</b> |              |              |              |               |
|-------------------------------------|--|--------------|--------------|--------------|---------------|
|                                     | <b>2011</b>                            | <b>2012</b>  | <b>2013</b>  | <b>2014</b>  | <b>2015</b>   |
|                                     | (in thousands of US\$)                 |              |              |              |               |
| Cost of revenues                    | 26                                     | 30           | 36           | 18           | 121           |
| Sales and marketing expenses        | 225                                    | 270          | 445          | 1,395        | 6,997         |
| Research and development expenses   | 443                                    | 489          | 996          | 2,403        | 9,432         |
| General and administrative expenses | 1,276                                  | 882          | 1,388        | 2,357        | 11,510        |
| <b>Total</b>                        | <b>1,970</b>                           | <b>1,671</b> | <b>2,865</b> | <b>6,173</b> | <b>28,060</b> |

|  | <b>As of December 31,</b> |             |             |             |             |
|--|---------------------------|-------------|-------------|-------------|-------------|
|  | <b>2011</b>               | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> |
|  | (in thousands of US\$)    |             |             |             |             |
| <b>Summary Data of Consolidated Balance Sheets:</b>              |                           |             |             |             |             |
| Cash, cash equivalents, term deposits and short-term investments | 45,485                    | 35,647      | 311,095     | 609,035     | 524,523     |
| Total assets   | 65,994                    | 56,456      | 333,341     | 703,932     | 4,067,193   |
| Deferred revenues  | 15,399                    | 28,955      | 55,099      | 95,336      | 207,059     |
| Customer advances and deposits                                   | 3,813                     | 11,040      | 21,369      | 35,983      | 151,138     |
| Total liabilities  | 50,016                    | 69,003      | 113,058     | 196,615     | 1,230,294   |
| Total mezzanine equity   | 129,284                   | 139,517     | —           | —           | 15,038      |
| Total shareholders' equity/(deficit)                             | (113,306)                 | (152,064)   | 220,283     | 507,317     | 2,821,861   |

|  | <b>For the Year Ended December 31,</b> |             |             |             |             |
|--|--|-------------|-------------|-------------|-------------|
|  | <b>2011</b>                            | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> |
|  | (in thousands of US\$)                 |             |             |             |             |
| <b>Summary Data of Consolidated Statements of Cash Flows:</b>                      |  |             |             |             |             |
| Net cash provided by/(used in) operating activities                                | (50,323)                               | (4,728)     | 66,304      | 98,585      | 10,785      |
| Cash used in purchase of property and equipment                                    | (5,655)                                | (5,227)     | (4,177)     | (32,476)    | (195,446)   |
| Cash paid for business acquisition of Anjuke and Ganji, net of acquisition of cash | —                                      | —           | —           | —           | (659,115)   |
| Net cash used in investing activities  | (10,455)                               | (27,153)    | (230,046)   | (305,272)   | (443,181)   |
| Net cash provided by financing activities  | 57,110                                 | 253         | 213,343     | 257,430     | 804,993     |

### Exchange Rate Information

Substantially all of our operations are conducted in China and substantially all of our revenues are denominated in Renminbi. This annual report contains translations of Renminbi amounts into U.S. dollars at specific rates solely for the convenience of the reader. We use U.S. dollars as our reporting currency in our consolidated financial statements and in this annual report. Assets and liabilities denominated in RMB are translated into U.S. dollars at the rates of exchange as of the balance sheet date, equity accounts are translated at historical exchange rates and revenues, expenses, gains and losses are translated using the average rate for the year as published by the State Administration of Foreign Exchange, or SAFE. With respect to amounts not recorded in our consolidated financial statements included elsewhere in this annual report, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this annual report were made at a rate of RMB6.4778 to US\$1.00, the exchange rate set forth in the H.10 statistical release of the Board of Governors of Federal Reserve Bank on December 31, 2015. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, the rates stated below, or at all. The PRC government imposes control over its foreign currency reserves in part through direct regulation of the conversion of Renminbi into foreign exchange and through restrictions on foreign trade. On May 6, 2016, the certified exchange rate was RMB6.4970 to US\$1.00.

### B. Capitalization and Indebtedness

Not applicable.

### C. Reasons for the Offer and Use of Proceeds

Not applicable.

### D. Risk Factors

#### Risks Related to Our Business

***We operate in a fast-evolving industry, which makes it difficult to evaluate our business and prospects.***

We commenced operations in 2005 and many of the elements of our business are evolving and relatively unproven. The markets for our technology and products and services are relatively new and rapidly developing and are subject to significant challenges. Our business plan relies heavily upon growing our user base and exploring new market opportunities, and we may not succeed in any of these respects.

As the online marketing services and mobile services industries in China are relatively young and untested, there are few proven methods of projecting user demand or available industry standards on which we can rely. We cannot assure you that our attempts to expand our user base and products and services will be successful, profitable or widely accepted and therefore the future revenue and income potential of our business are difficult to evaluate. You should consider our prospects in light of the risks and uncertainties fast-growing companies with limited operating histories may encounter.

***If we fail to continually anticipate user preferences and provide attractive services on our online platforms, we may not be able to grow and retain our user base.***

Our success depends on our ability to grow and retain our user base. In order to attract and retain users and compete against our direct competitors and other industry or content-specific vertical websites, we must continue to innovate and introduce services that our users find useful and attract them to use our online platforms more frequently and become our paying users. For example, we must continue to develop new content categories on our online platforms that appeal to our users. The popularity of online marketing services and other internet services is difficult to predict, and we cannot be certain that the services we offer will continue to be popular with our users or sufficiently successful to offset the costs incurred to offer these services. Given that we operate in a rapidly evolving industry in China, we need to continually anticipate user preferences and industry changes and respond to such changes in a timely and effective manner. If we fail to anticipate and meet the needs of our users, the size of our user base may decrease. A decrease in our user base would render our online platforms less attractive to merchants and may reduce our membership and online marketing revenues, which may have a material and adverse effect on our marketing business, financial condition and results of operations.

***If we fail to retain existing or attract new local merchants to use our online platforms and pay for our membership and online marketing services, our business, financial condition and prospects may be materially and adversely affected.***

The success of our business depends on our ability to attract and retain local merchants that provide information on our online platforms to consumers and pay for our membership and online marketing services and to offer attractive products and services to our consumer users. If we are unable to grow and maintain a healthy ecosystem of local merchants, our users may find our online platforms to be less useful than expected and may not continue to use our online platforms. This in turn may affect our ability to attract new merchants and convince existing merchants to renew their paid memberships or increase their level of spending on our services. Our membership contracts have terms ranging from one month to one year. A significant portion of our paying merchant members are small and medium-sized local merchants who fail to renew their membership contracts upon expiration for a number of reasons. The competitive landscape for such local merchants changes quickly and they may have only temporary or occasional recruiting or marketing needs. In addition, our efforts to provide greater incentives for our existing paying merchant members to use our online marketing services, including marketing activities to highlight the value of differentiated paying merchant members-only services, may not be successful. Our customers may terminate their memberships or other spending on our online marketing services because we no longer serve their needs or because their demands can be better fulfilled by our competitors or other service providers. Decisions by our customers not to renew their memberships or not to use our online marketing services could reduce our revenues, as well as cause us to incur additional cost in attracting new paying merchant members and other customers. A significant increase in local merchant attrition or decrease in local merchant spending on our services would have an adverse effect on our business, financial condition and results of operations.

***We may not be able to regain profitability or maintain positive net cash flow from operations.***

We generated net income in 2013 and 2014 but incurred losses in 2015. Our losses in 2015 were attributable to increased competition and the fact that we had new initiatives such as 58 Home and Guazi.com Inc., or Guazi, a subsidiary that operated our consumer-to-consumer (C2C) used car trading platform, that were still in early stages of development. Cash from operating activities was positive in each year from 2013 through 2015 but decreased significantly in 2015. Meanwhile, our cash used in investing activities has been larger than our cash generated from operating activities, and it continued to increase in 2015 due to our increased mergers and acquisitions activity and our purchase of headquarters office space. We expect that we will continue to incur marketing and sales, research and development and other expenses to launch new services and grow our user base, which may affect our profitability and operating cash flow in the future.

Our future profitability may also be significantly impacted by the success of our recent and new service offerings, such as our mobile applications. Since the completion of 58 Home's Series A equity funding round on November 27, 2015, we have ceased consolidating its financial results of in our consolidated financial statements, as we divested Guazi on December 31, 2015. As competition in these new services intensifies in China, we may choose to invest heavily to gain market share, which may adversely affect our profitability. Our future profitability may also be significantly impacted by our integration with Anjoke and Ganji. We have consolidated Anjoke since March 2015 and Ganji since August 2015. The Ganji and Anjoke businesses have thousands of employees and their own respective users and merchant networks. We are keeping their brands and hope to grow the user base and enhance monetization. Failure to integrate these businesses might adversely affect our profitability.

In addition, our ability to achieve or maintain profitability is affected by various factors that are beyond our control. For example, our revenues and profitability depend on the continuous development of the online marketing industry in China and local merchants' allocation of more of their budgets to online marketing services companies. We cannot assure you that online marketing services companies will become more widely accepted in China or that merchants will increase their spending on online marketing services websites.

If we are unsuccessful in addressing any of these risks and uncertainties, our business may be materially and adversely affected and we may incur net loss in the future. If we are unable to maintain positive operating cash flows, we may need to seek debt or equity financing or may cease to operate as a going concern. Further equity financings may dilute our existing shareholders.

***We have committed significant resources to acquisitions and investments, including, among others, acquisition of Anjoke and a strategic stake in Ganji, and if we cannot successfully integrate these businesses with our own, our results of operations and return on capital may be materially adversely affected.***

Since our IPO in October 2013, we have made a number of acquisitions and investments, including several major ones. In March 2015, we acquired Anjoke, a major online real estate listing platform in China, for a combination of share consideration and cash, including 4,839,372 newly issued ordinary shares of our company and US\$160.2 million in cash. We also issued 248,216 fully vested restricted share units of our company to former Anjoke employees as part of the share consideration. In April 2015, we acquired a less than 50% equity stake in Ganji, a major online local services platform in China, for a combination of share consideration and cash, including 34,039,136 newly issued ordinary shares of our company and US\$412.2 million in cash. Later in 2015, our company, as a limited partner, committed an aggregate of 46,505,912 newly issued ordinary shares and approximately US\$406.7 million in cash to several private equity funds, of which all the ordinary shares and US\$272.4 million in cash were contributed in August 2015. These funds are dedicated to investing in businesses in China and are separately managed by different investment entities as general partners which are unaffiliated with each other and unaffiliated with us. These funds, together with Tencent, acquired all the remaining equity interest in Ganji in August 2015. We also transferred an aggregate of 4,449,002 fully vested restricted share units of our company and approximately US\$51.0 million in cash to former Ganji employees. We have consolidated the financial statements of Anjoke into our financial statements since March 2015. The acquisition of the strategic stake in Ganji and the subsequent business cooperation and integration has led to our consolidation of Ganji's financial statements into our own beginning in August 2015.

The addition of Anjuke has strengthened our market position in the online rental and secondary property sales markets and has allowed us to enter the primary home sales segment. The acquisition of the strategic stake in Ganji and our subsequent business cooperation and integration have allowed us to increase our market share in the job, housing, yellow page local services and used car categories and reduce marketing costs and expenses. However, Anjuke and Ganji are major businesses with thousands of employees in distributed locations. They also have their own respective user bases and merchant networks that might not overlap with those of 58. Their business processes and practices, system infrastructure and architecture and company values are also different from those of 58. We might experience unexpected employee turnover or loss of users and customers after our acquisition or investment. These acquisitions and investments expose us to potential risks, including risks associated with unforeseen or hidden liabilities, diversion of management attention and resources from our existing business and inability to generate sufficient revenues to offset the costs and expenses of the acquisition or investment.

Other than Anjuke and Ganji, we have made various other acquisitions and investments since our IPO in 2013. If we fail to integrate these acquired businesses or the companies in which we invested fail to grow as we expect, we may experience losses in our acquisitions and investments.

If we are presented with appropriate opportunities in the future, we may acquire or invest in additional businesses or assets that are complementary to our business. Difficulties encountered in the acquisition or investment process may have an adverse effect on our ability to manage our business.

***We face intense competition, and if we do not compete successfully against existing and new competitors, we may lose market share and suffer losses.***

We face intense competition. Our competitors in the online marketing space include other smaller multi-category online classifieds companies as well as industry or content-specific vertical websites whose information serve the same underlying industries as certain content categories of our online platforms. We may also face competition from major internet companies, who may enter the online classifieds market in China. We compete primarily on the basis of user traffic, effectiveness of services in reaching targeted users, ability to demonstrate marketing results and customer service capabilities.

We believe that our competitiveness depends upon many factors both within and beyond our control, including our ability to increase our brand recognition and continue to develop user loyalty, our ability to keep up with the technological developments and users' changing demands and our ability to raise sufficient capital to sustain and expand our business. For example, we may have to increase our sales and marketing expenses from time to time to promote our brand, especially when the competition is intense. Some of our current and potential competitors may have greater financial, marketing, user traffic and other resources than we have. In addition, local content providers may be acquired by, receive investments from or enter into strategic relationships with larger, well-established and well-financed companies or investors. Certain of our competitors may be able to devote greater resources to marketing and promotional campaigns and devote substantially more resources to website and system development than us. Increased competition may reduce our market share and require us to increase our marketing and promotion efforts, which could negatively affect our operating margins or force us to incur losses. There can be no assurance that we will be able to compete successfully against current and future competitors or maintain our leading position or level of user traffic in the online marketing services market in China, and competitive pressures may have a material adverse effect on our business, prospects, financial condition and results of operations.

***We may not be able to effectively manage our growth and expansion or implement our business strategies, in which case our business and results of operations may be materially and adversely affected.***

We have experienced a period of rapid growth and expansion, which has placed, and continues to place, significant strain on our management and resources. We cannot assure you that this level of significant growth and expansion will be sustainable or achieved at all in the future. We believe that our continued growth and expansion will depend on our ability to develop new sources of revenue, attract new users, paying merchant members and customers, retain and expand paying merchant members and customers, encourage additional spending by our customers, continue developing innovative technologies in response to user demand, increase brand awareness through marketing and promotional activities, react to changes in user access to and use of the internet, expand into new market segments, integrate new devices, platforms and operating systems and take advantage of any growth in the relevant markets. We cannot assure you that we will achieve any of the above.

To manage our growth and expansion, and to attain and maintain profitability, we anticipate that we will need to implement a variety of new and upgraded operational and financial systems, procedures and controls, including the improvement of our accounting and other internal management systems. We will also need to further expand, train, manage and motivate our workforce and manage our relationships with our paying merchant members and customers. All of these endeavors involve risks and will require substantial management efforts and skills and significant additional expenditures. Our further expansion may divert our management, operational or technological resources from our existing business operations. In addition, our expansion may require us to operate in new cities in China, including a number of small cities in China, where we may have difficulty in adjusting to local market demands and regulatory requirements. We cannot assure you that we will be able to effectively manage our growth and expansion or implement our future business strategies effectively, and failure to do so may materially and adversely affect our business and results of operations.

***Any damage to our reputation and brand or failure to enhance our brand recognition may materially and adversely affect our business, financial condition and results of operations.***

We believe that the market recognition and reputation of our brand have significantly contributed to the success of our business. Maintaining and enhancing our brand is critical to our success and ability to compete. Many factors, some of which are beyond our control, may negatively impact our brand and reputation, such as:

- any failure to maintain a pleasant and reliable experience for users as their preferences evolve and as we expand into new services;
- any decrease in brand awareness among our existing and potential users; and
- any negative publicity about us or online marketing services or mobile services in general, including any actual or perceived security or product or service quality problems involving online marketing service providers in China.

Although all of our paying merchant members and a portion of our registered users go through certain verification procedures, fraudulent transactions and sale of counterfeit or pirated, as well as faulty or defective, items through our online platforms have occurred in the past and may occur in the future. In the past, we found several counterfeit products sold through our website primarily relating to our group buying business, which we significantly scaled back since mid-2012, and immediately stopped the sellers from selling such counterfeit products. Although we do not believe that we are responsible for the sellers' wrongdoings, several Chinese media reported the incidents and accused us of failure to safeguard buyers' rights on our website. These incidents and any similar incidents or true or untrue claims of such incidents could harm our reputation, impair our ability to attract and retain users and grow our base of paying customers. If we are unable to maintain a good reputation, further enhance our brand recognition, continue to develop our user loyalty and increase positive awareness of our website, our results of operations may be materially and adversely affected.

In addition, any claims or negative publicity about our company, our products and services, our employees, our business practices, regardless of their veracity, could harm our brand image and in turn adversely affect our business and results of operations. We cannot assure you that we will be able to defuse negative publicity to the satisfaction of our investors, users, customers and business partners. From time to time, there have been claims or negative publicities about our company and our business practice, which adversely affected our public image and reputation during the period of such negative publicities. Intense negative publicities may divert our management's attention and may adversely impact our business, and we cannot assure you that our brand, public image and reputation will not be materially and adversely affected.

***We have incurred significant costs on a variety of marketing efforts, including significant advertising expenses, designed to attract users, and some marketing campaigns and methods may turn out to be ineffective.***

We have invested significantly in marketing to promote public awareness of online marketing services, enhance our brand recognition and drive user growth, including incurring US\$22.7 million, US\$73.4 million and US\$289.1 million in advertising expenses in 2013, 2014 and 2015, respectively. Such advertising expenses represented 26.9%, 40.8% and 42.0% of our total sales and marketing expenses and 15.6%, 27.7% and 40.4% of our revenues in the corresponding periods. Our marketing activities may not be well received by users and may not attract the additional traffic that we anticipated. The evolving marketing approaches and tools require us to enhance our marketing approaches and experiment with new marketing methods to keep pace with industry developments and user preferences. Failure to refine our existing marketing approaches or to introduce new effective marketing approaches in a cost-effective manner could reduce our market share, cause our revenues to decline and negatively impact our profitability.

***We derive a significant portion of our revenues from five of China's major cities and we face market risk due to our concentration in these major urban areas.***

We derive a significant portion of our revenues from five of China's major cities: Beijing, Shanghai, Shenzhen, Guangzhou and Chengdu. We expect these five cities to continue to be important sources of revenues in all of our content categories. If any of these major cities experience events which negatively impact the internet industry, such as a serious economic downturn or contraction, a natural disaster, or slower economic growth due to adverse governmental policies or otherwise, demand for our services could decline significantly and our revenues and profitability could be materially reduced. Any of these cities may experience decreases in demand for services related to specific content categories on our platforms, such as real estate or automotive, due to local policies, regulations or economic conditions. In addition, if a competitor, including a local competitor whose business focuses on one of these cities, were to gain significant market share in any of these cities, our revenues may be materially and adversely affected.

***The markets for online marketing services and mobile services in China are constantly evolving and may not grow as quickly as expected or at all.***

Our business and prospects are affected by the development of emerging internet business models in China, including those for online marketing services and mobile services. Our membership services and other online marketing services have distinct business models which may differ from models for these businesses in other markets, such as the United States, and that are in varying stages of development and monetization. Our future success will depend on our ability to respond to rapidly changing technologies, adapt our products and services to evolving industry standards and improve the performance and reliability of our products and services. Our failure to adapt to such changes could harm our business. In addition, changes in user behavior resulting from technological developments may also adversely affect us. We cannot assure you that the online marketing services and mobile services industries in China will continue to grow as rapidly as they have in the past or at all. With the development of technology, new internet services may emerge which are not a part of our service offerings and which may render online marketing services or mobile services less attractive to users. The growth and development of these industries are affected by numerous factors, such as the macroeconomic environment, regulatory changes, technological innovations, development of internet and internet-based services, users' general online experience, cultural influences and changes in tastes and preferences. If the online marketing services and mobile services industries in China do not grow as quickly as expected or at all, or if we fail to benefit from such growth by successfully implementing our business strategies, our business and prospects may be adversely affected.

***If we fail to keep up with the technological developments and users' changing requirements or to successfully capture and retain a significant portion of the growing number of users that access online marketing services, we may be unable to meet our revenue growth expectations and our results of operation may be adversely affected.***

The internet industries in China are subject to rapid and continuous changes in technology, user preferences, the nature of services offered and business models. Our success will depend on our ability to keep up with the changes in technology and user behavior resulting from technological developments. If we do not adapt our services to such changes in an effective and timely manner, we may suffer from decreased user traffic, which may result in a reduction of revenues from our membership services or a decrease in spending on our other services.

Our online marketing services are now accessible to users from many internet-enabled devices, and we offer versions of our services for mobile operating systems, including Android and iOS. An important element of our strategy is to continue to develop our online platforms and services for mobile devices to capture a greater share of the growing number of users that access online marketing services and other internet services through smartphones and other mobile devices. The lower resolution, functionality and memory associated with some mobile devices make the use of services through such devices more difficult and the services we develop for these devices may fail to prove compelling to users. Manufacturers or distributors may establish unique technical standards for their devices, and our services may not work or be viewable on these devices as a result. As new devices and new services are continually being released, it is difficult to predict the problems we may encounter in developing our services for use on these devices and we may need to devote significant resources to the creation, support and maintenance of such services. Devices providing access to our products and services are not manufactured and sold by us, and we cannot assure you that the companies who manufacture or sell these devices would always ensure that their devices perform reliably and are maximally compatible with our systems. Any faulty connection between these devices and our products and services may result in consumer dissatisfaction with us, which could damage our brand and have a material and adverse effect on our financial results. Furthermore, new online marketing services may emerge which are specifically created to function on mobile platforms, as compared to our online marketing services that were originally designed to be accessed through personal computers, or PCs, and such new services may operate more effectively through mobile devices than our own. If we are unable to attract and retain a substantial number of mobile device users to our services, or if we are slower than our competitors in developing attractive services that are adapted for such devices, we may fail to capture a significant share of an increasingly important portion of the market for our services or lose existing users, either of which may have a material adverse effect on our business, financial condition and results of operations.

Furthermore, changes in technologies may require substantial capital expenditures in development of new features, applications and services as well as in modification of existing features, applications, services or infrastructure. We may not successfully execute our business strategies due to a variety of reasons such as technical hurdles, misunderstandings or erroneous predictions of market demand or lack of necessary resources. Failure in keeping up with technological developments may result in our online platforms being less attractive, and as a result we may be unable to meet our revenue growth expectations and our results of operations may be adversely affected.

***If internet search engines' ranking methodologies are modified or our search result page rankings decline for other reasons, our user traffic could decrease.***

We depend in part on various internet companies to direct traffic to our website. Our ability to maintain the number of visitors directed to our website is not entirely within our control. Our competitors' search engine optimization efforts may result in their websites receiving a higher search result page ranking than ours, or internet companies could revise their methodologies in an attempt to improve their search results, which could adversely affect the placement of our search result page ranking. If internet companies modify their search algorithms in ways that are detrimental to our user growth or in ways that make it harder for our users to find our website, or if our competitors' search engine optimization efforts are more successful than ours, our overall growth in user traffic could slow down or decrease, and we could lose existing users. Our website has experienced fluctuations in search result rankings in the past, and we anticipate similar fluctuations in the future. Any reduction in the number of users directed to our website would harm our business and results of operations.

***Our business depends substantially on the continuing efforts of our executive officers and key employees, and our business may be severely disrupted if we lose their services.***

We currently depend on the continued services and performance of the key members of our management team, in particular Mr. Jinbo Yao, our chairman and chief executive officer. Mr. Yao is one of our founders and his leadership has played an integral role in our growth. Our future success depends substantially on the continued efforts of our executive officers and key employees. If one or more of our executive officers or key employees were unable or unwilling to continue their service, we might not be able to replace them easily, in a timely manner, or at all, and our business may be severely disrupted, our financial conditions and results of operations may be materially and adversely affected and we may incur additional expenses to recruit, train and retain personnel. If any of our executive officers or key employees joins a competitor or forms a competing company, we may lose users, know-how and key professionals and staff members. Each of our executive officers and key employees has entered into an employment agreement and a confidentiality and non-competition agreement with us. However, if any dispute arises between our executive officers and key employees, on one hand, and us on the other, we cannot assure you that we would be able to enforce these non-compete provisions in China, where these executive officers reside, in light of uncertainties with the PRC legal system. See “— Risks Related to Doing Business in China — Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.”

*If we are unable to attract, train and retain qualified personnel, our business may be materially and adversely affected.*

Our future success depends, to a significant extent, on our ability to attract, train and retain qualified personnel, particularly management, technical and marketing personnel with expertise in the online marketing industry. Our field sales and customer service teams are also critical to maintaining the quality of our services as they interact with local merchants on a daily basis. We must continue to attract qualified personnel at a fast pace to keep up with our growing user base and the scale of our operations. Since our industry is characterized by high demand and intense competition for talent, there can be no assurance that we will be able to attract or retain qualified staff or other highly skilled employees that we will need to achieve our strategic objectives. As we are still a relatively young company, our ability to train and integrate new employees into our operations may not meet the growing demands of our business. If we are unable to attract, train, and retain qualified personnel, our business may be materially and adversely affected.

*Future strategic alliances, acquisitions or business disposals may have a material and adverse effect on our business, reputation and results of operations.*

We may enter into strategic alliances with various third parties to further our business purposes from time to time. For example, in June 2014, we entered into a strategic partnership with Tencent Holdings Limited, or Tencent, a leading provider of comprehensive Internet services in China, pursuant to which Tencent invested US\$736.1 million in exchange for an approximately 19.9% equity interest in our company on a fully-diluted basis. Strategic alliances with third parties could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the counter-party, and an increase in expenses incurred in establishing new strategic alliances, any of which may materially and adversely affect our business. In addition, to the extent the strategic partner suffers negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with such third parties, and we may have little ability to control or monitor their actions.

Investments and acquisitions and the subsequent integration of new assets and businesses into our own require significant attention from our management and may divert resources from our existing business, which in turn could have an adverse effect on our business operations. Invested or acquired assets or businesses may not generate the financial results we expect and may adversely affect our results of operations. Furthermore, investments and acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the occurrence of significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired businesses. Moreover, the costs of identifying and consummating acquisitions may be significant.

Furthermore, the legal requirements on acquisitions by us and our PRC subsidiaries are different from acquisitions by our consolidated affiliated entities. Most importantly, if we or our PRC subsidiaries acquire any domestic companies in China, such acquisition will be subject to PRC laws and regulations on foreign investment. We and our PRC subsidiaries are restricted or prohibited from directly acquiring interests in companies in certain industries under PRC laws and regulations. See “Item 4. Information on the Company — B. Business Overview — Regulation — Regulations on Value-Added Telecommunication Services.” Our consolidated affiliated entities are not subject to PRC laws and regulations on foreign investment and may acquire PRC companies operating in industries where foreign investments are restricted or prohibited. However, there are uncertainties with respect to the interpretation and application of PRC laws and regulations regarding indirect foreign investments in such industries. See “— Risks Related to Our Corporate Structure and Restrictions on Our Industry — Substantial uncertainties and restrictions exist with respect to the interpretation and application of PRC laws and regulations relating to online commerce and the distribution of internet content in China. If the PRC government finds that the structure we have adopted for our business operations does not comply with PRC laws and regulations, we could be subject to severe penalties, including the shutting down of our website.”

On December 31, 2015, we sold our controlling ownership stake in Guazi, a subsidiary that operated our consumer-to-consumer (C2C) used car trading platform, to Mr. Mark Haoyong Yang, the former co-chairman of our board of directors and our former co-CEO, for cash consideration of US\$50.0 million. We may dispose of other businesses that we control, particularly ones that are not closely related to our core focus areas or might require more resources or financial capital than we can allocate to them. These decisions are largely based on our management's assessment of the business models and likelihood of success of these businesses. Our judgment could be inaccurate and divesting ownership of these businesses might negatively affect our operations or long-term value.

***The proper functioning of our platforms, network infrastructure and information technology systems is essential to our business, and any failure to maintain the satisfactory performance, security and integrity of our systems will materially and adversely impair our ability to provide services and affect our business, reputation, financial condition and results of operations.***

The proper functioning of our platforms is essential to the conduct of our business. Specifically, the satisfactory performance, reliability and availability of our website and mobile applications, our transaction-processing systems and our network infrastructure are critical to our success and our ability to attract and retain users and provide adequate services. Our revenues depend on the user traffic on our website and the volume of activities that traffic creates.

In addition, our ability to provide consumers and local merchants with a high-quality online experience depends on the continuing operation and scalability of our network infrastructure and information technology systems. The risks we face in this area include:

- our systems are potentially vulnerable to damage or interruption as a result of earthquakes, floods, fires, extreme temperatures, power loss, telecommunications failures, technical error, computer viruses, hacking and similar events;
- we may encounter problems when upgrading our systems or services and undetected programming errors could adversely affect the performance of the software we use to provide our services. The development and implementation of software upgrades and other improvements to our internet services is a complex process, and issues not identified during pre-launch testing of new services may only become evident when such services are made available to our entire user base; and
- we rely on servers, data centers and other network facilities provided by third parties, and the limited availability of third-party providers with sufficient capacity to house additional network facilities and broadband capacity in China may lead to higher costs or limit our ability to offer certain services or expand our business. In particular, electricity, temperature control or other failures at the data centers we use may adversely affect the operation of our servers or result in service interruptions or data loss.

These and other events in the past occasionally led to and may in the future lead to interruptions, decreases in connection speed, degradation of our services or the permanent loss of user data and uploaded content. Any system interruptions caused by telecommunications failures, computer viruses, or hacking or other attempts to harm our systems that result in the unavailability of our website and mobile applications or reduced performance would reduce the attractiveness of the services offered on our online platforms. If we experience frequent or persistent service disruptions, whether caused by failures of our own systems or those of third-party service providers, our reputation or relationships with our users may be damaged and our users may switch to our competitors, which may have a material adverse effect on our business, financial condition and results of operations.

***Our operations depend on the performance of the internet infrastructure and fixed telecommunications networks in China.***

Almost all access to the internet in China is maintained through state-owned telecommunication operators under the administrative control and regulatory supervision of the Ministry of Industry and Information Technology, or the MIIT. Moreover, we primarily rely on a limited number of telecommunication service providers to provide us with data communications capacity through local telecommunications lines and internet data centers to host our servers. We have limited access to alternative networks or services in the event of disruptions, failures or other problems with the PRC internet infrastructure or the fixed telecommunications networks provided by telecommunication service providers. With the expansion of our business, we may be required to upgrade our technology and infrastructure to keep up with the increasing traffic on our website. We cannot assure you that the internet infrastructure and the fixed telecommunications networks in China will be able to support the demands associated with the continued growth in internet usage.

In addition, we have no control over the costs of the services provided by telecommunication service providers. If the prices we pay for telecommunications and internet services rise significantly, our results of operations may be materially and adversely affected. Furthermore, if internet access fees or other charges to internet users increase, our user traffic may decline and our business may be harmed.

***We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position.***

We regard our trademarks, service marks, domain names, trade secrets, proprietary technologies and similar intellectual property as critical to our success, and we rely on trademark law, trade secret protection and confidentiality and license agreements with our employees, partners and others to protect our proprietary rights. As of March 31, 2016, we had registered 35 domain names that are material to our business, including *www.58.com*, *www.58.com.cn*, *anjuke.cn* and *anjuke.com*, and 136 trademarks in China, excluding those relating to 58 Home. As the registrant of the trademarks, Beijing 58 Information Technology Co., Ltd., or Beijing 58, has an exclusive right to use such trademarks in China for the goods or services under the trademark categories that it has registered. Beijing 58 also enjoys the exclusive right to use the domain names that it has registered. However, trademarks may also be invalidated, circumvented or challenged. For example, under PRC law, certain graphics may not be registered as a trademark and if a registered trademark is found to violate such prohibition, the relevant authority can invalidate the trademark; third parties may challenge such registered trademarks and apply to the authority for invalidation. In addition, if a registered trademark is identical or similar to a well-known trademark or prejudices the existing right obtained by others, it may be invalidated by the relevant authority upon request by the right holder. Trade secrets are difficult to protect, and our trade secrets may be leaked or otherwise become known or be independently discovered by competitors. Confidentiality agreements may be breached, and we may not have adequate remedies for any breach.

It is often difficult to enforce intellectual property rights in China. Even where adequate laws exist in China, it may not be possible to obtain prompt and equitable enforcement of such laws, or to obtain enforcement of a court judgment or an arbitration award delivered in another jurisdiction, and accordingly, we may not be able to effectively protect our intellectual property rights in China. Policing any unauthorized use of our intellectual property is difficult and costly and the steps we have taken may be inadequate to prevent the misappropriation of our technologies.

***We may not be able to successfully halt the operations of websites that aggregate our data as well as data from other companies, including social networks, or “copycat” websites that have misappropriated our data in the past or may misappropriate our data in the future.***

From time to time, third parties have misappropriated our data through website scraping, robots or other means and aggregated this data on their websites. In addition, “copycat” websites have misappropriated data on our website and attempted to imitate our brand or the functionality of our website. When we have become aware of such websites, we have taken measures to halt such conduct. However, we may not be able to detect all such websites in a timely manner and the measures we take may be insufficient to stop their conduct. In those cases, our available remedies may not be adequate to protect us against such websites. Regardless of whether we can successfully enforce our rights against these websites, any measures that we may take could require us to expend significant financial or other resources.

***We may be subject to intellectual property infringement claims or other allegations by third parties for services we provide or for information or content displayed on, retrieved from or linked to our website, or distributed to our users, which may materially and adversely affect our business, financial condition and prospects.***

Internet, technology and media companies are frequently involved in litigation based on allegations of infringement of intellectual property rights, unfair competition, invasion of privacy, defamation and other violations of other parties' rights. The validity, enforceability and scope of protection of intellectual property rights in internet-related industries, particularly in China, are uncertain and still evolving. We face, from time to time, and expect to face in the future, allegations that we have infringed the trademarks, copyrights, patents and other intellectual property rights of third parties, including our competitors, or allegations that we are involved in unfair competition against our competitors. As we face increasing competition and sometimes have to take defensive measures in response to competitive pressure and as litigation become more common in China in resolving commercial disputes, we face a higher risk of being the subject of intellectual property infringement and unfair competition claims. Intellectual property and unfair competition claims and litigation may be expensive and time-consuming to investigate and defend, and may divert resources and management attention from the operation of our business. Such claims, even if they do not result in liability, may harm our reputation. Any resulting liability or expenses, or changes required to be made to our website to reduce the risk of future liability, may have a material adverse effect on our business, financial condition and prospects.

We utilize software that selectively identifies classified information listings on other websites in certain content categories for which our certification procedure is not required and replicates such listings on *www.58.com*. These replicated listings are not given individualized registered user accounts and are not counted as listings for purposes of calculating the listings per day posted by our users as disclosed in this annual report. If an original poster wants to delete a replicated listing on our website, the poster can either use our online self-help functions or contact our customer service online to delete the listing. We do not explicitly indicate the replicated listings on our website, although we notify our users of the replicated nature of the listings upon inquiry. We believe this is a widespread practice in our industry in China. However, the practice may be deemed to be in violation of the PRC Anti-Unfair Competition Law. If other market participants bring legal claims against us for conducting unfair competition, we may be held liable by the court and be required to pay damages to the plaintiffs equal to the losses suffered by the market participants as a result of the unfair competition practices or, if it is difficult to calculate the losses, equal to the aggregate profits earned through the unfair competition practices and the reasonable expenses incurred by the plaintiffs to investigate the unfair competition practices. We have never generated revenue from replicated listings. In addition, if the replicated listings are protected under copyright law, the practice of replicating listings may be deemed to be copyright infringement. In such case, we may be required to cease the act of infringement, eliminate any influence caused, apologize to and pay damages to the copyright owners and be subject to penalties including confiscation of illegal gains and imposition of fines by the relevant governmental authorities. In addition, we have from time to time been the subject of critical media coverage due to this practice, which could harm our reputation and business.

***We may be held liable to third parties for information or content displayed on, retrieved from or linked to our website, or distributed to website users, which could harm our reputation and business.***

Our online marketing services enable users to exchange local business or service information, generate content, market products and services, conduct business and engage in various other online activities. Claims may be brought against us for defamation, libel, negligence, copyright, patent or trademark infringement, tort (including personal injury), fraud, other unlawful activity or other theories and claims based on the nature and content of information to which we link or that may be posted on our website, generated by our users, or delivered or shared hypertext links to third-party websites, or video or image services, if appropriate licenses and/or third-party consents have not been obtained. Third-parties may also seek to assert claims against us alleging unfair competition or violations of privacy rights or failure to maintain the confidentiality of user data. Our defense of any such actions could be costly and involve significant time and attention of our management and other resources.

We are also regularly approached and asked to remove content uploaded by users on the grounds of alleged copyright or personal rights infringement. In such cases, we investigate the claims and remove any uploads that appear to infringe the rights of a third party after our reasonable investigation and determination. Our corporate policy requires a user to enter into a user agreement in the registration process before posting any content on our website. Pursuant to the user agreement, a user makes certain representations and warranties relating to the user generated content on our website. See “Item 4. Information on the Company — B. Business Overview — Content Management and Monitoring.” However, we have been and in the future may be subject to intellectual property infringement claims or other allegations by third parties for services provided or content displayed on our website. Although we believe that we will have recourse to indemnification from alleged infringing users on the basis of the user agreement, such right to recourse is subject to the enforcement mechanism of PRC legal system, which may not be effective. Our data security team also screens our website to eliminate content that we believe may infringe copyrights. Although our internal policy, terms of our user agreements and the screening system are designed to help limit the occurrences and impact of infringing activities, they may not be effective in eliminating such occurrences or dissemination of infringing materials on our website.

Pursuant to PRC national and Beijing local regulations and judicial interpretations, online service providers that provide information storage space for users to upload works or link services may be held liable for damages if such providers know or have reason to know that the works uploaded or linked infringe others’ copyrights. The Supreme People’s Court of China promulgated a judicial interpretation on infringement of the right of dissemination through internet in December 2012. This judicial interpretation, like certain court rulings and certain other judicial interpretations, provide that the courts will place the burden on internet service providers to remove not only links or contents that have been specifically mentioned in the notices of infringement from right holders, but also links or contents they should have known to contain infringing content. The interpretation further provides that where an internet service provider has directly obtained economic benefits from any contents made available by an internet user, it has a higher duty of care with respect to internet users’ infringement of third-party copyrights. This interpretation could subject us and other online service providers to significant administrative burdens and litigation risks.

***Concerns about collection and use of personal data could damage our reputation and deter current and potential users from using our services.***

Concerns about our practices with regard to the collection, use or disclosure of personal information or other privacy-related matters, even if unfounded, could damage our reputation and operating results. Pursuant to the applicable PRC laws and regulations concerning the collection, use and sharing of personal data, our PRC subsidiaries and consolidated affiliated entities are required to keep our users’ personal information confidential and are prohibited from disclosing such information to any third parties without the users’ consent. We apply strict management and protection to any information provided by users, and under our privacy policy, without our users’ prior consent, we will not provide any of our users’ personal information to any unrelated third party. In December 2012 and July 2013, new laws and regulations were issued by the standing committee of the PRC National People’s Congress and the MIIT to enhance the legal protection of information security and privacy on the internet. The laws and regulations also require internet operators to take measures to ensure confidentiality of information of users. While we strive to comply with our privacy guidelines as well as all applicable data protection laws and regulations, any failure or perceived failure to comply may result in proceedings or actions against us by government entities or others, and could damage our reputation. User and regulatory attitudes towards privacy are evolving, and future regulatory or user concerns about the extent to which personal information is shared with merchants or others may adversely affect our ability to share certain data with merchants, which may limit certain methods of targeted marketing. Concerns about the security of personal data could also lead to a decline in general internet usage, which could lead to lower user traffic on our website. A significant reduction in user traffic could lead to lower revenues from paying users, which could have a material adverse effect on our business, financial condition and results of operations.

***We could be liable for any breach of security relating to the third-party online payment platforms we use, and concerns about the security of internet transactions could damage our reputation, deter current and potential users from using our online platforms and have other adverse consequences to our business.***

Users may conduct transactions on our online platforms through third-party online payment platforms. In these online payment transactions, secured transmission of confidential information, such as customers' credit card numbers and expiration dates, personal information and billing addresses, over public networks is essential to maintain consumer confidence. In addition, we expect that an increasing amount of our sales and transactions conducted on our online platforms will be conducted over the internet as a result of the growing use of online payment platforms. As the prevalence of using online payment methods increases, associated online crimes will likely increase as well. Our current security measures and those of the third-party online payment platform service providers may not be adequate. We must be prepared to increase and enhance our security measures and efforts so that our users have confidence in the reliability of the online payment platforms that we use, which will impose additional costs and expenses and may still not guarantee complete safety. In addition, we do not have control over the security measures of our third-party online payment platform service providers. Security breaches of the online payment platforms that we use could expose us to litigation and possible liability for failing to secure confidential user information and could, among other things, damage our reputation.

A significant barrier to financial transactions or other electronic payment processing platforms over the internet in general has been public concern over the security of online payments. If these concerns are not adequately addressed, they may inhibit the growth of paid online services generally. If an internet or mobile network security breach were to occur and get publicized, the perceived security of the online payment platforms may be damaged, and users concerned about the security of their transactions may become reluctant to purchase our services even if the publicized breach did not involve payment platforms or methods used by us.

If any of the above were to occur and damage our reputation or the perceived security of the online payment platforms that we use, we may lose users and user traffic, and users may be discouraged from purchasing our services, which may have an adverse effect on our business. Any significant reduction in user traffic could lead to lower revenues from membership and online marketing services.

***Spammers and malicious applications may make our services less user-friendly and discourage users from using our website or services.***

Spammers may use our website and services to send targeted and untargeted spam messages to users, which may embarrass or annoy users and make usage of our website and services more time-consuming and less user-friendly. As a result, our users may use our services less or stop using them altogether. As part of fraudulent spamming activities, spammers typically create multiple user accounts, such as accounts being set-up for the purposes of sending spam messages. Although we have technologies and employees that attempt to identify and delete accounts created for spamming purposes, we are not able to eliminate all spam messages from being sent on our website.

***Our business, financial condition and results of operations, as well as our ability to obtain financing, may be adversely affected by the downturn in the global or Chinese economy.***

The online information services and mobile services industries may be affected by economic downturns. Thus, our business and prospects may be affected by the macroeconomic environment in China. A prolonged slowdown in the Chinese economy may lead to a reduced amount of activities on our platforms, which could materially and adversely affect our business, financial condition and results of operations. In addition, our products and services may be viewed as discretionary by our users, who may choose to discontinue or reduce spending on such products and services during an economic downturn. In such an event, our ability to retain existing paying merchant members and customers and recruiting new paying merchant members and customers will be adversely affected, which would in turn negatively impact our business and results of operations.

Moreover, a slowdown or disruption in the global or China's economy may have a material and adverse impact on financings available to us. The weakness in the economy could erode investors' confidence, which constitutes the basis of the credit market. The recent financial turmoil affecting the financial markets and banking system may significantly restrict our ability to obtain financing in the capital markets or from financial institutions on commercially reasonable terms, or at all. Although we are uncertain about the extent to which the recent global financial and economic crisis and slowdown of China's economy may impact our business in the short-term and long-term, there is a risk that our business, results of operations and prospects would be materially and adversely affected by any global economic downturn or disruption or slowdown of China's economy.

***We may need additional capital, and the sale of additional ADSs or other equity securities could result in additional dilution to our shareholders.***

We believe that our current cash and cash equivalents and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs for the foreseeable future. We may, however, require additional cash resources due to changed business conditions or other future developments, including to make any investments or acquisitions we may decide to pursue or to pay down loans from financial institutions. If these resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain a credit facility. For example, in June 2014 and April 2015, we issued 36,805,000 ordinary shares at the equivalent of US\$20.00 per ordinary share and 15,384,616 ordinary shares at the equivalent of US\$26.00 per ordinary share, respectively, to a holding vehicle of Tencent Holdings Limited, or Tencent. The sale of additional equity securities could result in additional dilution to our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations. It is uncertain whether financing will be available in amounts or on terms acceptable to us, if at all.

***If we fail to implement and maintain an effective system of internal controls, we may be unable to accurately or timely report our results of operations or prevent fraud, and investor confidence and the market price of our ADSs may be materially and adversely affected.***

In connection with our independent registered public accounting firm's audit of the effectiveness of our internal control over financial reporting as of December 31, 2015, and our management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2015, we and our independent registered public accounting firm identified one "material weakness" in our internal control over financial reporting, as defined in the standards established by the Public Company Accounting Oversight Board of the United States, or PCAOB. The material weakness identified related to the lack of adequate resources with an appropriate level of knowledge in U.S. GAAP to properly account for significant complex transactions under U.S. GAAP. As a result, certain significant complex transactions were not initially accounted for properly.

Although we have taken measures and plan to continue to take measures to remedy this weakness, the implementation of these measures may not fully address this weakness in our internal control over financial reporting, and we may not be able to conclude that it has been fully remedied. Failure to correct this weakness or failure to discover and address any other control deficiencies could result in inaccuracies in our financial statements and could also impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. As a result, our business, financial condition, results of operations and prospects, as well as the trading price of our ADSs, may be materially and adversely affected. Moreover, ineffective internal control over financial reporting significantly hinders our ability to prevent fraud.

In addition, our reporting obligations may place a significant strain on our management, operational and financial resources and systems for the foreseeable future. We may be unable to timely complete our evaluation testing and any required remediation.

During the course of documenting and testing our internal control procedures, we may identify other weaknesses and deficiencies in our internal control over financial reporting. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations, and lead to a decline in the trading price of our ADSs. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions. We may also be required to restate our financial statements from prior periods.

***We have granted employee share options and other share-based awards in the past and will continue to do so in the future. We recognize share-based compensation expenses in our consolidated statement of comprehensive income/(loss) in accordance with U.S. GAAP. Any additional grant of employee share options and other share-based awards in the future may have a material adverse effect on our results of operation.***

We adopted an employee stock option plan in 2010, or the 2010 Plan, and a share incentive plan in 2013, or the 2013 Plan, for the purpose of granting share-based compensation awards to employees, directors and consultants to incentivize their performance and align their interests with ours. Under the 2010 Plan, we are permitted to issue options to purchase up to 20,173,225 ordinary shares. Under the 2013 Plan, we are authorized to grant options, restricted shares, restricted share units or other awards to purchase up to 17,932,158 or more ordinary shares as of February 29, 2016, including the automatic increase of 4,246,030 ordinary shares pursuant to the terms of the 2013 Plan. As of February 29, 2016, restricted share units and options to purchase 12,389,414 ordinary shares were issued and outstanding under the 2013 Plan, and 4,872,214 options to purchase 4,872,214 ordinary shares were issued and outstanding under the 2010 Plan. 58 Daojia Inc., or 58 Home, an unconsolidated subsidiary of ours, adopted a share incentive plan in 2015 and granted options and restricted shares under that plan to certain employees of 58 Home and our company. See “Item 6. Directors, Senior Management and Employees — B. Compensation.” We may grant substantial additional share-based awards in connection with our acquisition of or investment in Ganji and other companies. As a result of these grants and potential future grants, we incurred in the past and expect to continue to incur in future periods significant share-based compensation expenses. The amount of share-based compensation expenses is based on the fair value of the share-based awards. We account for compensation costs for all share-based awards using a fair-value based method and recognize expenses in our consolidated statement of comprehensive income/(loss) in accordance with U.S. GAAP. The expenses associated with share-based compensation will increase our net loss or decrease our net income, perhaps materially, and the additional securities issued under share-based compensation plans will dilute the ownership interests of our shareholders, including holders of our ADSs. However, if we limit the scope of our share-based compensation plan, we may not be able to attract or retain key personnel who are expected to be compensated by incentive shares or options.

***We have limited business insurance coverage.***

Insurance companies in China currently do not offer as extensive an array of insurance products as insurance companies do in more developed economies. Except for the property insurance and third-party liability insurance purchased by Beijing Chengshi Wanglin Information Technology Co., Ltd., or Wanglin, we do not have any business liability or disruption insurance to cover our operations. We have determined that the costs of insuring for these risks and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. Any uninsured occurrence of business disruption may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our results of operations and financial condition.

***Failure to renew our current leases or locate desirable alternatives for our facilities could materially and adversely affect our business.***

In September 2014, we entered into an agreement to purchase 44,915 square meters of office space in Chaoyang District, Beijing, which will be used for our company’s new corporate headquarters. Approximately 37% of the total new office space was ready and was put in use for occupancy in October 2015, and the remaining space will be ready for occupancy in July 2016. We have purchased a smaller office space in Tianjin as well. However, outside of Beijing and Tianjin, all of our offices in the other 34 cities and data centers are presently located on leased premises. At the end of each lease term, we may not be able to negotiate an extension of the lease and may therefore be forced to move to a different location, or the rent we pay may increase significantly. This could disrupt our operations and adversely affect our profitability. We compete with other businesses for premises with certain characteristics or in desirable locations and some landlords may have entered into long-term leases with our competitors for such premises. As a result, we may not be able to obtain new leases at desirable locations or renew our existing leases on acceptable terms or at all, which could materially and adversely affect our business.

**Risks Related to Our Corporate Structure and Restrictions on Our Industry**

***Substantial uncertainties and restrictions exist with respect to the interpretation and application of PRC laws and regulations relating to online commerce and the distribution of internet content in China. If the PRC government finds that the structure we have adopted for our business operations does not comply with PRC laws and regulations, we could be subject to severe penalties, including the shutting down of our website.***

Foreign ownership of internet-based businesses is subject to significant restrictions under current PRC laws and regulations. The PRC government regulates internet access, the distribution of online information and the conduct of online commerce through strict business licensing requirements and other government regulations. These laws and regulations also include limitations on foreign ownership in PRC companies that provide internet content distribution services. Specifically, foreign investors are not allowed to own more than 50% of the equity interests in any entity conducting an internet content distribution business. The Circular on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business, or the MIIT Circular, issued by the MIIT in July 2006, reiterated the regulations on foreign investment in telecommunications businesses, which require foreign investors to set up foreign-invested enterprises and obtain business operating licenses for internet content provision to conduct any value-added telecommunications business in China. Under the MIIT Circular, a domestic company that holds an internet content provision license, or ICP license, is prohibited from leasing, transferring or selling the license to foreign investors in any form, and from providing any assistance, including providing resources, sites or facilities, to foreign investors that conduct value-added telecommunications business illegally in China. Furthermore, the relevant trademarks and domain names that are used in the value-added telecommunications business must be owned by the local ICP license holder or its shareholders. Due to a lack of interpretation from MIIT, it is unclear what impact the MIIT Circular will have on us or the other PRC internet companies that have adopted the same or similar corporate and contractual structures as ours. Beijing 58 holds an ICP license, and owns all domain names used in our value-added telecommunications businesses. Beijing 58 is also the owner of all registered trademarks used in our value-added telecommunications businesses and is the applicant of all the applications for trademark registration we have made.

We are a Cayman Islands company and our PRC subsidiary, Wanglin, is considered a foreign invested enterprise. To comply with PRC laws and regulations, we conduct our operations in China through a series of contractual arrangements entered into among Wanglin, Beijing 58 and Beijing 58's shareholders. As a result of these contractual arrangements, we exert control over our Beijing 58 and its subsidiaries and consolidate their financial results in our financial statements under U.S. GAAP. In August 2015, 58 Home, through its PRC subsidiary, Beijing 58 Daojia Information Technology Co., Ltd., or Beijing 58 Home, entered into contractual arrangements with Tianjin 58 Daojia Life Services Co., Ltd., or Tianjin 58 Home, which had previously been an indirect subsidiary of Beijing 58. As a result of these contractual arrangements, 58 Home exert control over Tianjin 58 Home. In addition, Ganji operates online multi-content category classified advertising platforms in China through its PRC subsidiaries and consolidated affiliated entities, including Beijing Shanjing Kechuang Network Technology Co., Ltd., or Shanjing Kechuang. For a detailed description of these contractual arrangements, see "Item 4. Information on the Company — C. Organizational Structure — Our Contractual Arrangements."

In the opinion of our PRC counsel, Han Kun Law Offices, our current ownership structure, the ownership structure of our PRC subsidiaries and our consolidated affiliated entities, the contractual arrangements relating to our consolidated affiliated entities, and, except as otherwise disclosed in this annual report, our business operations, are not in violation of any existing PRC laws, rules and regulations. There are, however, substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations. In particular, in January 2015, the Ministry of Commerce published a discussion draft of the proposed Foreign Investment Law for public review and comments. Among other things, the draft Foreign Investment Law expands the definition of foreign investment and introduces the principle of "actual control" in determining whether a company is considered a foreign-invested enterprise. Under the draft Foreign Investment Law, variable interest entities would also be deemed as foreign-invested enterprises, if they are ultimately "controlled" by foreign investors, and be subject to restrictions on foreign investments. However, the draft law has not taken a position on what actions will be taken with respect to the existing companies with the "variable interest entity" structure, whether or not these companies are controlled by Chinese parties. It is uncertain when the draft would be signed into law and whether the final version would have any substantial changes from the draft. See "Item 4. Information on the Company — B. Business Overview — Regulation — Regulations on PRC Foreign Investment" and "— Substantial uncertainties exist with respect to the enactment timetable, interpretation and implementation of draft PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations." Accordingly, we cannot assure you that PRC government authorities will not ultimately take a view contrary to the opinion of our PRC legal counsel.

Accordingly, if our ownership structure, contractual arrangements and businesses of our company, our PRC subsidiaries or our consolidated affiliated entities are found to be in violation of any existing or future PRC laws or regulations, or we fail to obtain or maintain any of the required permits or approvals, the relevant governmental authorities would have broad discretion in dealing with such violation, including levying fines, confiscating our income or the income of our PRC subsidiaries or consolidated affiliated entities, revoking the business licenses or operating licenses of our PRC subsidiaries or consolidated affiliated entities, shutting down our servers or blocking our website, discontinuing or placing restrictions or onerous conditions on our operations, requiring us to undergo a costly and disruptive restructuring, and taking other regulatory or enforcement actions that could be harmful to our business. Any of these actions could cause significant disruption to our business operations and severely damage our reputation, which would in turn materially and adversely affect our business, financial condition and results of operations. If any of these occurrences results in our inability to direct the activities of any of our consolidated affiliated entities that most significantly impact its economic performance, and/or our failure to receive the economic benefits from any of our consolidated affiliated entities, we may not be able to consolidate the entity in our consolidated financial statements in accordance with U.S. GAAP.

***We rely on contractual arrangements with our consolidated affiliated entities and their shareholders for the operation of our business, which may not be as effective as direct ownership. If we are unable to maintain control, we would not be able to continue to consolidate the financial results of these entities with our financial results. If our consolidated affiliated entities and their shareholders fail to perform their obligations under these contractual arrangements, we may have to resort to litigation or arbitration to enforce our rights, which may be time-consuming, unpredictable, expensive and damaging to our operations and reputation.***

Because of PRC restrictions and qualification requirements on foreign ownership of value-added telecommunications services in China, we depend on contractual arrangements with our consolidated affiliated entities, in which we have no ownership interest, to conduct our business. These contractual arrangements are intended to provide us with control over these entities and allow us to obtain economic benefits from them. Although we have been advised by our PRC counsel, Han Kun Law Offices, that these contractual arrangements are valid, binding and enforceable under current PRC laws, these contractual arrangements may not be as effective in providing control as direct ownership. For example, our consolidated affiliated entities and their shareholders could breach their contractual arrangements with us by, among other things, failing to conduct its operations, including maintaining our website and using the domain names and trademarks for which it has exclusive right to use, in an acceptable manner or taking other actions that are detrimental to our interests. If we were the controlling shareholder of our consolidated affiliated entities with direct ownership, we would be able to exercise our rights as shareholders to effect changes to their board of directors, which in turn could implement changes at the management and operational level. Furthermore, each of our consolidated affiliated entities' company chops are held by each company's legal or accounting department. Our ability to ensure the consolidated affiliated entities' performance under the contractual agreements may be limited if we were unable to secure control of the company chops in the event of a dispute with the entity's management or shareholders as many official documents require affixation of company chops to become fully effective. As a result, if our consolidated affiliated entities or their shareholders fail to perform their obligations under these contractual arrangements we may have to incur substantial costs to enforce such arrangements, and rely on legal remedies under PRC law, including contract remedies, which may not be sufficient or effective. If we are unable to maintain control, we would not be able to continue to consolidate the financial results of these entities with our financial results.

These contractual arrangements are governed by PRC law and provide for dispute resolution through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. Under PRC law, if parties to a contract have agreed to resolve disputes arising from the contract by arbitration, a PRC court will not accept a lawsuit initiated at the court by any contract party, unless the agreement for arbitration is invalid. An arbitration award issued by the arbitration commission chosen in accordance with the agreement is final, binding and enforceable against the parties. If any party fails to comply with the arbitration award, the other party has the right to apply with a competent court for enforcement. However, the legal environment in China is not as developed as other jurisdictions such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements, which may make it difficult to exert control over our consolidated affiliated entities, and our ability to conduct our business may be negatively affected. In addition, a PRC court or arbitration tribunal may refuse to enforce the contractual arrangements on the grounds that they are designed to circumvent PRC foreign investment restrictions and therefore are against PRC public policy.

If we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, our business and operations could be severely disrupted, which could materially and adversely affect our results of operations and damage our reputation. See “— Risks Related to Doing Business in China — Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.”

***The shareholders of our consolidated affiliated entities have potential conflicts of interest with us, which may adversely affect our business.***

Mr. Jinbo Yao is the founder, chairman and chief executive officer of our company, having beneficial ownership of 11.3% of the total outstanding shares of our company as of February 29, 2016. See “Item 7. Major Shareholders and Related Party Transactions — A. Major Shareholders.” He is also the sole director, an executive officer and a shareholder of Beijing 58, our consolidated affiliated entity, holding a 37.8% equity interest in the entity. In addition, Mr. Yao is the sole director and a 16.7% shareholder of Beijing Wanglinton Information Technology Co., Ltd., an entity that holds a 13.4% equity interest in Beijing 58. Mr. Yao is also an executive director and a 1.4% shareholder of Tianjin 58 Home, 58 Home’s consolidated affiliated entity. Conflicts of interest between his duties to our company, his duties to Beijing 58 or Tianjin 58 Home and his interests as a shareholder of Beijing 58 may arise. We cannot assure you that he will act entirely in our interests when conflicts of interest arise or that conflicts of interest will be resolved in the favor of our company. Furthermore, in the context of Mr. Yao’s acting as the director and an executive officer of Beijing 58 or a director of Tianjin 58 Home, PRC law would not require him to consider our company’s best interests. We rely on Mr. Yao to abide by the laws of China, which provide that directors and executive officers owe a duty of loyalty and duty of care to the company and require them to avoid conflicts of interest and not to take advantage of their positions for personal gains, and the laws of Cayman Islands, which provide that directors owe a duty of care and duty of loyalty to the company. The respective legal framework of China and the Cayman Islands does not provide guidance in the event of a conflict with another corporate governance regime. If we cannot resolve any conflict of interest or dispute between us and the shareholders of our consolidated affiliated entities should one arise, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings. In addition, Mr. Yao could violate his non-competition or employment agreements with us or his legal duties by diverting business opportunities from us, resulting in our loss of corporate opportunities. 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 damage our reputation. See “— Risks Related to Doing Business in China — Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.”

***We may lose the ability to use and enjoy assets held by our consolidated affiliated entities that are material to the operation of our business if any of such entities goes bankrupt or becomes subject to a dissolution or liquidation proceeding.***

As part of our contractual arrangements with Beijing 58 and other consolidated affiliated entities, these entities hold certain assets that are material to the operation of our business, including the ICP license, and the domain names and trademarks for which Beijing 58 or any of the other consolidated affiliated entities has exclusive right to use. If any of our consolidated affiliated entities goes bankrupt and all or part of its assets become subject to liens or rights of third-party creditors, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. Under the contractual arrangements, our consolidated affiliated entities may not, in any manner, sell, transfer, mortgage or dispose of their assets or legal or beneficial interests in the business without our prior consent. If any of our consolidated affiliated entities undergoes a voluntary or involuntary liquidation proceeding, the unrelated third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially and adversely affect our business, financial condition and results of operations.

***Our contractual arrangements with our consolidated affiliated entities may result in adverse tax consequences to us.***

Under PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities within ten years after the taxable year when the transactions are conducted. The PRC enterprise income tax law requires every enterprise in China to submit its annual enterprise income tax return together with a report on transactions with its related parties to the relevant tax authorities. The tax authorities may impose reasonable adjustments on taxation if they have identified any related party transactions that are inconsistent with arm's length principles. We may be subject to adverse tax consequences if the PRC tax authorities were to determine that the contracts between our PRC subsidiaries and our consolidated affiliated entities were not on an arm's length basis and therefore constitute a favorable transfer pricing arrangements. If this occurs, the PRC tax authorities could request that our consolidated affiliated entities adjust their taxable income, if any, upward for PRC tax purposes. Such a pricing adjustment could adversely affect us by increasing our consolidated affiliated entities' tax expenses without reducing our tax expenses, which could subject our consolidated affiliated entities to late payment fees and other penalties for underpayment of taxes.

***We may be adversely affected by the complexity, uncertainties and changes in China regulation of internet business and companies.***

The internet industry in China is highly regulated by the PRC government and numerous regulatory authorities of the central PRC government are empowered to issue and implement regulations governing various aspects of the internet industry including foreign ownership of and licensing and permit requirements pertaining to companies in the internet industry. See "Item 4. Information on the Company — B. Business Overview — Regulation." These internet-related laws and regulations are relatively new and evolving, and their interpretation and enforcement involve significant uncertainty. As a result, in certain circumstances, it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws and regulations. Our consolidated affiliated entities are required to obtain and maintain applicable licenses or approvals from different regulatory authorities in order to provide their current services, including but not limited to the ICP license, the Surveying and Mapping Qualification Certificate for internet mapping and the Employment Agency License.

Furthermore, our consolidated affiliated entities may be required to obtain additional licenses. If any of them fails to obtain or maintain any of the required licenses or approvals, its continued business operations in the internet industry may subject it to various penalties, such as confiscation of illegal net sales, fines and the discontinuation or restriction of its operations. Any such disruption in the business operations of our consolidated affiliated entities will materially and adversely affect our business, financial condition and results of operations.

***Regulation and censorship of information distribution over the internet in China may adversely affect our business, and we may be liable for information displayed on, retrieved from or linked to our website.***

The PRC government has adopted regulations governing internet access and the distribution of information over the internet. Under these regulations, internet content providers and internet publishers are prohibited from posting or displaying over the internet content that, among other things, violates PRC laws and regulations, impairs the national dignity of China or the public interest, contains terrorism or extremism content, or is reactionary, obscene, superstitious, fraudulent or defamatory. Failure to comply with these requirements may result in the revocation of licenses to provide internet content and other licenses, the closure of the concerned websites and reputational harm. A website operator may also be held liable for such censored information displayed on or linked to its website. For a detailed discussion, see "Item 4. Information on the Company — B. Business Overview — Regulation — Regulations on Value-Added Telecommunication Services" and "Item 4. Information on the Company — B. Business Overview — Regulation — Regulations on Information Security and Censorship." We have a team within our data security department which implements internal procedures to review the content in our system for compliance with applicable laws and regulations, aided by a program designed to periodically sweep our website and the data being conveyed in our system for sensitive keywords or questionable materials. In spite of this screening system, we may have difficulty identifying and removing all illegal content or transactions involving illegal sales of goods and services, which could expose us to the penalties described above.

***If the PRC government were to deem our membership services or online marketing services as a form of online advertising, our business, results of operations and financial condition may be materially and adversely affected.***

We do not believe our membership and online marketing services are deemed a form of online advertising under PRC laws and regulations. However, there are uncertainties regarding the interpretation and application of current or future PRC laws and regulations. For example, in July 2015, the State Administration for Industry and Commerce promulgated the Interim Measures for the Supervision and Administration of Online Advertising (Draft for Comment) for comments. Online advertisements are defined under these draft interim measures as including various commercial displays, links and other advertisements displayed in forms of text, image, audio, video and otherwise through all kinds of internet websites, forums, and other internet media resources. It is also stipulated that except for identification information of goods or services such as pictures of the goods, text or graphic descriptions of delivery and packaging that is normally required by national standards or industry practices to be displayed for such goods or services, other texts, images and pictures that are displayed on the internet that are related to the goods or services and have characteristics of commercial advertisements will be deemed as online advertisements. There are substantial uncertainties as to if and when these draft interim measures will be adopted into law and what further changes might be made to such measures prior to or during their adoption. If our membership and online marketing services are deemed by the relevant authorities as a form of online advertising, such services will be subject to PRC advertising laws and regulations. Under PRC advertising laws and regulations, advertising operators, including advertising agencies, and advertising distributors, are obligated to monitor the advertising content and examine the supporting documents for advertisements provided by advertisers to ensure that the content is fair and accurate and in compliance with applicable law. There are also specific restrictions, requirements or prohibitions regarding advertisements that relate to certain products. Therefore, if our membership or online marketing services are deemed a form of online advertising, we will be obligated to conduct the examination, review and monitoring of advertising content on our online platforms as required by PRC advertising laws and regulations, which could be burdensome, and we may be required to edit or delete certain content on our online platforms. This risk could also apply to other content categories we may from time to time include on our website. In addition, if any of our membership or online marketing services are characterized as a form of online advertising, we may be subject to an additional 3% surcharge with respect to the revenues we derive from such services, potentially with retroactive effect, which could adversely affect our financial condition and results of operations.

## **Risks Related to Doing Business in China**

### *Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.*

The PRC legal system is based on written statutes. Unlike common law systems, it is a system in which legal cases have limited value as precedents. In the late 1970s, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past three decades has significantly increased the protections afforded to various forms of foreign or private-sector investment in China. Our PRC subsidiaries, Wanglin and 58 Tongcheng Information Technology Co., Ltd., or 58 Technology, are foreign-invested enterprises and are subject to laws and regulations applicable to foreign-invested enterprises as well as various PRC laws and regulations generally applicable to companies in China. However, since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. Furthermore, the PRC legal system is based in part on government policies and internal rules (some of which are not published in a timely manner or at all) that may have retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China could materially and adversely affect our business and impede our ability to continue our operations.

### *Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business and operations.*

Substantially all of our assets and almost all of our users are located in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole.

China's economy differs from the economies of most developed countries in many respects, including the level of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the PRC government has implemented measures since the late 1970s emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government also exercises significant control over the PRC economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies.

While China's economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy, and may slow down in the future. Some of the government measures may benefit the overall Chinese economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. Any stimulus measures designed to boost the Chinese economy may contribute to higher inflation, which could adversely affect our results of operations and financial condition. For example, certain operating costs and expenses, such as employee compensation and office operating expenses, may increase as a result of higher inflation.

***Substantial uncertainties exist with respect to the enactment timetable, interpretation and implementation of draft PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.***

The Ministry of Commerce published a discussion draft of the proposed Foreign Investment Law in January 2015 aiming to, upon its enactment, replace the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The draft Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. The Ministry of Commerce solicited comments on this draft and substantial uncertainties exist with respect to its enactment timetable, interpretation and implementation. The draft Foreign Investment Law, if enacted as proposed, may materially impact the viability of our current corporate structure, corporate governance and business operations in many aspects.

Among other things, the draft Foreign Investment Law expands the definition of foreign investment and introduces the principle of "actual control" in determining whether a company is considered a foreign-invested enterprise, or an FIE. The draft Foreign Investment Law specifically provides that entities established in China but "controlled" by foreign investors will be treated as FIEs, whereas an entity set up in a foreign jurisdiction would nonetheless be, upon market entry clearance by the Ministry of Commerce, treated as a PRC domestic investor provided that the entity is "controlled" by PRC entities and/or citizens. In this connection, "foreign investors" refers to the following subjects making investments within the PRC: (i) natural persons without PRC nationality; (ii) enterprises incorporated under the laws of countries or regions other than China; (iii) the governments of countries or regions other than the PRC and the departments or agencies thereunder; and (iv) international organizations. Domestic enterprises under the control of the subjects as mentioned in the preceding sentence are deemed foreign investors, and "control" is broadly defined in the draft law to cover the following summarized categories: (i) holding, directly or indirectly, not less than 50% of shares, equities, share of voting rights or other similar rights of the subject entity; (ii) holding, directly or indirectly, less than 50% of the voting rights of the subject entity but having the power to secure at least 50% of the seats on the board or other equivalent decision making bodies, or having the voting power to exert material influence on the board, the shareholders' meeting or other equivalent decision making bodies; or (iii) having the power to exert decisive influence, via contractual or trust arrangements, over the subject entity's operations, financial matters or other key aspects of business operations. Once an entity is determined to be an FIE, it will be subject to the foreign investment restrictions or prohibitions set forth in a "catalogue of special administrative measures," which is classified into the "catalogue of prohibitions" and "the catalogue of restrictions", to be separately issued by the State Council later. Foreign investors are not allowed to invest in any sector set forth in the catalogue of prohibitions. However, unless the underlying business of the FIE falls within the catalogue of restrictions, which calls for market entry clearance by the Ministry of Commerce, prior approval from the government authorities as mandated by the existing foreign investment legal regime would no longer be required for establishment of the FIE.

The “variable interest entity” structure, or VIE structure, has been adopted by many PRC-based companies, including us, to obtain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions in China. See “— Risks Related to Our Corporate Structure and Restrictions on Our Industry” and “Item 4. Information on the Company — C. Organizational Structure.” Under the draft Foreign Investment Law, variable interest entities that are controlled via contractual arrangement would also be deemed as FIEs, if they are ultimately “controlled” by foreign investors. Therefore, for any companies with a VIE structure in an industry category that is included in the “negative list” as restricted industry, the VIE structure may be deemed legitimate only if the ultimate controlling person(s) is/are of PRC nationality (either PRC government authorities and its affiliates or PRC citizens). Conversely, if the actual controlling person(s) is/are of foreign nationalities, then the variable interest entities will be treated as FIEs and any operation in the industry category on the “negative list” without market entry clearance may be considered as illegal.

It is uncertain whether we would be considered as ultimately controlled by Chinese parties. Besides, the draft Foreign Investment Law has not taken a position on what actions shall be taken with respect to the existing companies with a VIE structure, whether or not these companies are controlled by Chinese parties, while the Ministry of Commerce solicited comments from the public on this point. Moreover, it is uncertain whether the value-added telecommunications services, in which our variable interest entities operate, will be subject to the foreign investment restrictions or prohibitions set forth in the “negative list” to be issued. If the enacted version of the Foreign Investment Law and the final “negative list” mandate further actions, such as Ministry of Commerce market entry clearance, to be completed by companies with existing VIE structure like us, we face uncertainties as to whether such clearance can be timely obtained, or at all.

The draft Foreign Investment Law, if enacted as proposed, may also materially impact our corporate governance practice and increase our compliance costs. For instance, the draft Foreign Investment Law imposes stringent ad hoc and periodic information reporting requirements on foreign investors and the applicable FIEs. Aside from investment implementation report required at each investment and investment amendment reports, which shall be submitted upon alteration of investment specifics, it is mandatory for entities established by foreign investors to submit an annual report, and large foreign investors meeting certain criteria are required to report on a quarterly basis. Any company found to be non-compliant with these information reporting obligations may potentially be subject to fines and/or administrative or criminal liabilities, and the persons directly responsible may be subject to criminal liabilities.

***Under the Enterprise Income Tax Law, we may be classified as a PRC “resident enterprise” for PRC enterprise income tax purposes. Such classification would likely result in unfavorable tax consequences to us and our non-PRC shareholders and have a material adverse effect on our results of operations and the value of your investment.***

Under the PRC Enterprise Income Tax Law, an enterprise established outside the PRC with “de facto management bodies” within China is considered a “resident enterprise” for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income. Under the implementation rules to the Enterprise Income Tax Law, a “de facto management body” is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and properties of an enterprise. In addition, a circular, known as SAT Circular 82, issued in April 2009 and amended in January 2014 by the State Administration of Taxation specifies that certain offshore incorporated enterprises controlled by PRC enterprises or PRC enterprise groups will be classified as PRC resident enterprises if the following are located or resident in China: senior management personnel and departments that are responsible for daily production, operation and management; financial and personnel decision making bodies; key properties, accounting books, company seal, and minutes of board meetings and shareholders’ meetings; and half or more of the senior management or directors having voting rights. Further to SAT Circular 82, the State Administration of Taxation issued a bulletin, known as SAT Bulletin 45, which took effect in September 2011, to provide more guidance on the implementation of SAT Circular 82 and clarify the reporting and filing obligations of such “Chinese-controlled offshore incorporated resident enterprises.” SAT Bulletin 45 provides procedures and administrative details for the determination of resident status and administration on post-determination matters. Although both SAT Circular 82 and SAT Bulletin 45 only apply to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreign individuals, the determining criteria set forth in SAT Circular 82 and SAT Bulletin 45 may reflect the State Administration of Taxation’s general position on how the “de facto management body” test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises, PRC enterprise groups or by PRC or foreign individuals.

We do not believe that 58.com Inc., China Classified Network Corporation, China Classified Information Corporation Limited, or any of our other offshore subsidiaries meet all of the conditions above and thus we do not believe that 58.com Inc., China Classified Network Corporation, China Classified Information Corporation Limited or any of our other offshore subsidiaries is a PRC resident enterprise, though some of the members of our management team as well as the management team of our offshore holding companies are located in China. However, if the PRC tax authorities determine that 58.com Inc., China Classified Network Corporation, China Classified Information Corporation Limited or any of our other offshore subsidiaries is a PRC resident enterprise for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. First, we or our offshore subsidiaries will be subject to the uniform 25% enterprise income tax on our world-wide income, which could materially reduce our net income. In addition, we will also be subject to PRC enterprise income tax reporting obligations.

Furthermore, although dividends paid by one PRC tax resident enterprise to an offshore incorporated PRC resident enterprise controlled by PRC enterprises or PRC enterprise groups should qualify as “tax-exempt income” under the Enterprise Income Tax Law and Bulletin 45, we cannot assure you that dividends paid by any of our PRC subsidiaries to their shareholder in Hong Kong such as China Classified Information Corporation Limited will not be subject to a 10% withholding tax, as the PRC foreign exchange control authorities, which enforce the withholding tax on dividends, and the PRC tax authorities have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for PRC enterprise income tax purposes but not controlled by PRC enterprises or PRC enterprise groups.

Finally, dividends payable by us to our investors and gains on the sale of our shares may become subject to PRC withholding tax.

***We may not be able to obtain certain benefits under relevant tax treaty on dividends paid by our PRC subsidiaries to us through China Classified Information Corporation Limited or other Hong Kong subsidiaries.***

We are a holding company incorporated under the laws of the Cayman Islands and as such rely on dividends and other distributions on equity from our PRC subsidiaries to satisfy part of our liquidity requirements. Pursuant to the Enterprise Income Tax Law, a withholding tax rate of 10% currently applies to dividends paid by a PRC “resident enterprise” to a foreign enterprise investor, unless any such foreign investor’s jurisdiction of incorporation has a tax treaty with China that provides for preferential tax treatment. Pursuant to a Notice 112 issued by the State Administration of Taxation in January 2008 and the Arrangement between the Mainland China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion, or the Double Taxation Arrangement (Hong Kong), such withholding tax rate may be lowered to 5% if the PRC enterprise is at least 25% held by a Hong Kong enterprise at all times within the 12-month period immediately prior to distribution of the dividends and is determined by the relevant PRC tax authority to have satisfied other conditions and requirements under the Double Tax Avoidance Arrangement (Hong Kong) and other applicable PRC laws. Pursuant to SAT Circular 601 issued by the State Administration of Taxation in October 2009, non-resident enterprises that cannot provide valid supporting documents as “beneficial owners” may not be approved to enjoy tax treaty benefits, and “beneficial owners” refers to individuals, enterprises or other organizations which are normally engaged in substantive operations. These rules also set forth certain adverse factors on the recognition of a “beneficial owner”. Specifically, they expressly exclude a “conduit company,” or any company established for the purposes of avoiding or reducing tax obligations or transferring or accumulating profits and not engaged in actual operations such as manufacturing, sales or management, from being a “beneficial owner.” Whether a non-resident company may obtain tax benefits under the relevant tax treaty will be subject to approval of the relevant PRC tax authority and will be determined by the PRC tax authority on a case-by-case basis. In June 2012, the State Administration of Taxation further provides in an announcement that a comprehensive analysis should be made when determining the beneficial owner status based on various factors supported by documents including the articles of association, financial statements, records of cash movements, board meeting minutes, board resolutions, staffing and materials, relevant expenditures, functions and risk assumption as well as relevant contracts and other information. In August 2015, the State Administration of Taxation promulgated the Administrative Measures for Non-Resident Taxpayers to Enjoy Treatments under Tax Treaties, or SAT Circular 60, which became effective on November 1, 2015. SAT Circular 60 provides that non-resident enterprises are not required to obtain pre-approval from the relevant tax authority in order to enjoy the reduced withholding tax rate. Instead, non-resident enterprises and their withholding agents may, by self-assessment and upon their confirmation that the prescribed criteria are met, directly apply the reduced withholding tax rate, and file necessary forms and supporting documents when conducting tax filings, which will be subject to post-filing examinations by the relevant tax authorities. None of our Hong Kong subsidiaries has applied for the approval for a withholding tax rate of 5% from the local tax authority prior to SAT Circular 60, nor has any of our PRC subsidiaries applied the 5% tax rate directly to any dividend payment after the SAT Circular 60, as our PRC subsidiaries have not paid dividends to us. We plan to have our Hong Kong subsidiaries assume some managerial and administrative functions, as well as conduct other business functions in the future. Once we implement such a plan, we do not believe that our Hong Kong subsidiaries will be considered a conduit company as defined under SAT Circular 601. However, our Hong Kong subsidiaries as currently situated may be considered a conduit company and we cannot assure you that the relevant PRC tax authority will agree with our view when any of our PRC subsidiaries directly applies reduced withholding tax rate under the relevant tax treaty in the future. As a result, we may not be able to enjoy the preferential withholding tax rate of 5% under the Double Taxation Arrangement (Hong Kong) and therefore be subject to withholding tax at a rate of 10% with respect to dividends to be paid by our PRC subsidiaries to their shareholders in Hong Kong such as China Classified Information Corporation Limited.

***Enhanced scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future.***

In connection with the Enterprise Income Tax Law, the Ministry of Finance and the State Administration of Taxation jointly issued SAT Circular 59 in April 2009, and the State Administration of Taxation issued SAT Circular 698 in December 2009. Both SAT Circular 59 and SAT Circular 698 became effective retroactively on January 1, 2008.

According to SAT Circular 698, where a non-resident enterprise transfers the equity interests of a PRC “resident enterprise” indirectly by disposition of the equity interests of an overseas holding company, the non-resident enterprise, being the transferor, may be subject to PRC enterprise income tax, if the indirect transfer is considered to be an abusive use of company structure without reasonable commercial purposes. As a result, gains derived from such Indirect Transfer may be subject to PRC withholding tax at a rate of up to 10%. In addition, the PRC “resident enterprise” is supposed to provide necessary assistance to support the enforcement of SAT Circular 698.

On February 3, 2015, the State Administration of Tax issued a Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Tax Resident Enterprises, or Public Notice 7. Public Notice 7 has introduced a new tax regime that is significantly different from that under Circular 698. Public Notice 7 extends its tax jurisdiction to not only indirect transfers set forth under Circular 698 but also transactions involving transfer of other taxable assets, through the offshore transfer of a foreign intermediate holding company. In addition, Public Notice 7 provides clearer criteria than Circular 698 on how to assess reasonable commercial purposes and has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. Public Notice 7 also brings challenges to both the foreign transferor and transferee (or other person who is obligated to pay for the transfer) of the taxable assets. Where a non-resident enterprise conducts an “indirect transfer” by transferring the taxable assets indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise being the transferor, or the transferee, or the PRC entity which directly owned the taxable assets may report to the relevant tax authority such indirect transfer. Using a “substance over form” principle, the PRC tax authority may re-characterize such indirect transfer as a direct transfer of the equity interests in the PRC tax resident enterprise and other properties in China. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of up to 10% for the transfer of equity interests in a PRC resident enterprise. Both the transferor and the transferee may be subject to penalties under PRC tax laws if the transferee fails to withhold the taxes and the transferor fails to pay the taxes.

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 that are non-PRC resident enterprises, or sale or purchase of shares in other non-PRC resident companies or other taxable assets by us. Our company and other non-resident enterprises in our group may be subject to filing obligations or being taxed if our company and other non-resident enterprises in our group are transferors in such transactions, and may be subject to withholding obligations if our company and other non-resident enterprises in our group are transferees in such transactions, under Circular 698 and Public Notice 7. For the transfer of shares in our company by investors that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under Circular 698 and Public Notice 7. As a result, we may be required to expend valuable resources to comply with Circular 698 and Public Notice 7 or to request the relevant transferors from whom we purchase taxable assets to comply with these circulars, or to establish that our company and other non-resident enterprises in our group should not be taxed under these circulars, which may have a material adverse effect on our financial condition and results of operations.

The PRC tax authorities have the discretion under Circular 698 and Public Notice 7 to make adjustments to the taxable capital gains based on the difference between the fair value of the taxable assets transferred and the cost of investment. If the PRC tax authorities make adjustments to the taxable income of the transactions under Circular 698 and Public Notice 7, our income tax costs associated with such potential acquisitions will be increased, which may have an adverse effect on our financial condition and results of operations. We have conducted acquisition transactions in the past and may conduct additional acquisition transactions in the future. We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to provide assistance for the investigation by PRC tax authorities with respect thereto. Heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future.

***PRC regulations establish complex procedures for mergers and acquisitions, including acquisitions of PRC companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.***

Six PRC regulatory agencies promulgated regulations effective on September 8, 2006 that are commonly referred to as the M&A Rules. See “Item 4. Information on the Company — B. Business Overview — Regulation.” The M&A Rules establish procedures and requirements that could make some acquisitions of PRC companies by foreign investors more time-consuming and complex, including requirements in some instances that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. In addition, national security review rules issued by the PRC governmental authorities in 2011 require acquisitions by foreign investors of domestic companies engaged in military-related or certain other industries that are crucial to national security to be subject to prior security review. Moreover, the Anti-Monopoly Law requires that the Ministry of Commerce shall be notified in advance of any concentration of undertaking, occurring inside or outside China, if certain thresholds are triggered. We may expand our business in part by acquiring complementary businesses. Complying with the requirements of the M&A Rules, security review rules and other PRC regulations to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the Ministry of Commerce, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share. In addition, due to lack of clarity under some PRC laws and regulations, it is unclear in some circumstances whether an approval is required for a merger or acquisition transaction and we cannot assure you that the PRC governmental authorities will agree with our view on whether the approval is required for transactions conducted or to be conducted by us.

***PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us, limit our ability to inject capital into our PRC subsidiaries, or otherwise expose us to liability and penalties under PRC law.***

SAFE promulgated the Circular on Relevant Issues Relating to Domestic Resident's Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, in July 2014, to replace the Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents Engaging in Financing and Roundtrip Investments via Overseas Special Purpose Vehicles, or SAFE Circular 75. SAFE Circular 37 requires PRC residents, including PRC individuals and entities, to register with SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. In addition, such PRC residents must update their SAFE registrations when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC residents, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions. In February 2015, SAFE promulgated the Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment, or SAFE Notice 13, which became effective on June 1, 2015. Pursuant to SAFE Notice 13, instead of applying for approvals regarding foreign exchange registrations of foreign direct investment and overseas direct investment from SAFE as required under current laws, entities and individuals are required to apply for such foreign exchange registrations, including those required under the SAFE Circular 37, from qualified banks. The qualified banks, under the supervision of SAFE, will examine the applications and conduct the registration. If a PRC resident fails to make the required SAFE registration with the local SAFE branches, the PRC subsidiaries of such offshore company 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.

Furthermore, it is unclear how these regulations, and any future regulation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant government authorities. 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, such as remittance of dividends and foreign-currency-denominated borrowings, which may adversely affect our financial condition and results of operations. In addition, if we decide to acquire a PRC domestic company, either we or the owners of such company, as the case may be, may not be able to obtain the necessary approvals or complete the necessary filings and registrations required by the foreign exchange 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 share ownership plans or share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.***

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly-Listed Companies, or the Stock Option Rules, replacing the previous rules issued by SAFE in March 2007. Under the Stock Option Rules and other relevant rules and regulations, PRC residents who participate in stock incentive plan in an overseas publicly-listed company are required to register with SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. See "Item 4. Information on the Company — B. Business Overview — Regulation — Regulations on Employee Stock Option Plans." We and our PRC employees who have been granted share options and restricted shares are subject to these regulations. Failure of our PRC share option holders or restricted shareholders to complete their SAFE registrations may subject these PRC residents to fines and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries, limited our PRC subsidiaries' ability to distribute dividends to us, or otherwise materially adversely affect our business.

***PRC regulation of direct investment and loans by offshore holding companies to PRC entities and governmental control of currency conversion may delay or limit us from using the proceeds of our securities offering to make additional capital contributions or loans to our PRC subsidiaries.***

Any capital contributions or loans that we, as an offshore entity, make to our PRC subsidiaries, including from the proceeds of our securities offerings, are subject to PRC regulations. Under PRC laws and regulations, we are permitted to utilize the proceeds from our securities offering to fund our PRC subsidiaries only through loans or capital contributions, subject to applicable government registration and approval requirements. None of our loans to a PRC subsidiary can exceed the difference between its total amount of investment and its registered capital approved under relevant PRC laws, and the loans must be registered with the local branch of SAFE. As of March 31, 2016, the difference between the total amount of investment and registered capital is US\$220 million for Wanglin and approximately US\$193 million for 58 Technology, respectively. Our capital contributions to our PRC subsidiaries must be approved by the Ministry of Commerce or its local counterpart. We cannot assure you that we will be able to complete the necessary registration or obtain the necessary approval on a timely basis, or at all. If we fail to complete the necessary registration or obtain the necessary approval, our ability to make loans or equity contributions to our PRC subsidiaries may be negatively affected, which could adversely affect our PRC subsidiaries' liquidity and their ability to fund their working capital and expansion projects and meet their obligations and commitments.

In March 2015, SAFE promulgated SAFE Circular 19, which took effective and replaced SAFE Circular 142 from June 1, 2015. Although SAFE Circular 19 removed certain restrictions previously provided under SAFE Circular 142 for conversion by a foreign-invested enterprise of foreign currency registered capital into RMB and use of such RMB capital, it continues to prohibit foreign-invested enterprises from, among other things, using RMB fund converted from its foreign exchange capital for expenditure beyond its business scope, providing entrusted loans or repaying loans between non-financial enterprises. In addition, SAFE Circular 19 is still unclear whether a foreign-invested enterprise whose business scope does not include equity investment or similar activities may use Renminbi converted from the foreign currency-denominated capital for equity investments in the PRC. For example, the business scopes of Wanglin and 58 Technology include, among others, research and development of online classified information technology and software systems, information technology consulting, technical services and marketing and promotional services. Each of Wanglin, 58 Technology and our other PRC subsidiaries that are foreign-invested enterprises may only use Renminbi converted from foreign exchange capital contribution for activities within its approved business scope. In addition, the use of such Renminbi capital may not be altered without SAFE approval, and such Renminbi capital may not in any case be used to repay Renminbi loans if the proceeds of such loans have not been used. Violations of these circulars and rules could result in severe monetary or other penalties. If we convert the net proceeds we receive from our securities offerings into Renminbi pursuant to the applicable laws and regulations, our use of Renminbi funds for general corporate purposes will be within the business scope of our PRC subsidiaries.

***PRC regulation of loans by offshore holding companies to PRC entities and governmental control of currency conversion may limit our ability to fund the operations of our consolidated affiliated entities.***

Due to the restrictions imposed on loans in foreign currencies extended to any PRC domestic companies, any loans from our Cayman Islands holding company or other offshore entities to PRC domestic company shall obtain certain approvals from local SAFE and complete record-filing procedures with local SAFE on an item-by-item basis. Therefore, we are not likely to have our Cayman Islands holding company or other offshore entities to use the proceeds from our securities offerings to extend loans to our consolidated affiliated entities or their subsidiaries, each of which is a PRC domestic company. Meanwhile, we are not likely to finance the activities of our consolidated affiliated entities by means of capital contributions due to regulatory restrictions relating to foreign investment in PRC domestic enterprises engaged in value-added telecommunications services. In addition, due to the restrictions on a foreign-invested enterprise's use of Renminbi converted from foreign-currency registered capital under PRC regulations, including SAFE Circular 19, as described under the foregoing risk factor, our PRC subsidiaries may be unable to use the Renminbi converted from their registered capital to provide loans or financial support to our consolidated affiliated entities. We currently do not plan to use the proceeds from our securities offering to fund the operations of our consolidated affiliated entities and their subsidiaries. Additionally, our PRC subsidiaries are not prohibited under PRC laws and regulations from using their capital generated from their operating activities to provide entrusted loans or other forms of financial support to consolidated affiliated entities. We will assess the working capital requirements of our consolidated affiliated entities on an ongoing basis and, if needed, may have our PRC subsidiaries to use their capital from operating activities to provide financial support to our consolidated affiliated entities.

***Our PRC subsidiaries are subject to restrictions on paying dividends or making other payments to us, which may restrict our ability to satisfy our liquidity requirements.***

We are a holding company incorporated in the Cayman Islands. We may need dividends and other distributions on equity from our PRC subsidiaries to satisfy our liquidity requirements. Current PRC regulations permit our PRC subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, our PRC subsidiaries are required to set aside at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of their respective registered capital. Our PRC subsidiaries may also allocate a portion of its after-tax profits based on PRC accounting standards to employee welfare and bonus funds at their discretion. These reserves are not distributable as cash dividends. As of the date of this annual report, our PRC subsidiaries have not paid dividends to us. Further, if any of our PRC subsidiaries incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other payments to us, which may restrict our ability to satisfy our liquidity requirements. As of March 31, 2016, the registered capital of our PRC subsidiaries Wanglin and 58 Technology is US\$280 million and approximately US\$107 million, respectively. See “Item 4. Information on the Company — B. Business Overview — Regulation — Regulations on Foreign Currency Exchange.”

***Discontinuation of any of the preferential tax treatments and government subsidies or imposition of any additional taxes and surcharges could adversely affect our financial condition and results of operations.***

The Enterprise Income Tax Law and its implementing rules impose a uniform statutory enterprise income tax rate of 25% on all enterprises in China. The Enterprise Income Tax Law and its implementing rules also permit qualified “high and new technology enterprises” to enjoy a preferential enterprise income tax rate of 15% upon filing with relevant tax authorities. This qualification generally has a valid term of three years and the renewal of the qualification is subject to review by the relevant authorities in China. Beijing 58, one of our consolidated affiliated entities, first obtained its certificate as a “high and new technology enterprise” in May 2009 and renewed the certificate in May 2012 and again in July 2015, each time valid for a period of three years. Beijing 58 is eligible to enjoy a preferential tax rate of 15% until the end of 2017 when it has taxable income under the Enterprise Income Tax Law, as long as it maintains this qualification and obtains approval from the relevant tax authority. Wanglin, one of our PRC subsidiaries, obtained its certificate in November 2012 and renewed its certificate in July 2015, each time valid for a period of three years. Wanglin also obtained qualification as a “software enterprise” in July 2014. In April 2015, the local tax authority granted Wanglin a two-year exemption followed by a three-year 50% reduction on its taxable income under the Enterprise Income Tax Law, effective retroactively from January 1, 2014. If Beijing 58 or Wanglin fails to maintain its qualification as a “high and new technology enterprises” or to renew its qualification when its current term expires, its applicable enterprise income tax rate may increase to 25%, which could have an adverse effect on our financial condition and results of operations.

In addition, our PRC subsidiaries and consolidated affiliated entities have received various financial subsidies from PRC local government authorities. The financial subsidies are discretionary incentives and policies adopted by PRC local government authorities. Local governments may decide to change or discontinue such financial subsidies at any time. The discontinuation of such financial subsidies or imposition of any additional taxes could adversely affect our financial condition and results of operations.

***Fluctuations in exchange rates could have a material adverse effect on our results of operations and the value of your investment.***

Substantially all of our revenues and expenditures are denominated in Renminbi. As the functional currency for our PRC subsidiaries and consolidated affiliated entities is Renminbi, fluctuations in the exchange rate may cause us to incur foreign exchange losses on any foreign currency holdings they may have. In addition, appreciation or depreciation in the value of the Renminbi relative to the U.S. dollar would affect our financial results in U.S. dollar terms without giving effect to any underlying change in our business or results of operations. If we decide to convert our Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount available to us.

The value of the RMB against 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 RMB 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 RMB and the U.S. dollar remained within a narrow band. Since June 2010, the RMB 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 RMB and the U.S. dollar in the future.

Any significant appreciation or depreciation of the Renminbi may materially and adversely affect our revenues, earnings and financial position, and the value of, and any dividends payable on, our ADSs in U.S. dollars. For example, to the extent that we need to convert U.S. dollars we receive from this initial public offering into Renminbi to pay our operating expenses, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, a significant depreciation of the Renminbi against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our earnings, which in turn could adversely affect the price of our ADSs.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert Renminbi into foreign currency. As a result, fluctuations in exchange rates may have a material adverse effect on your investment.

***Our failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties.***

Companies operating in China are required to participate in social insurance and housing fund plans. We have not fully contributed to such plans as required by applicable PRC regulations. As of December 31, 2015, with regards to the outstanding contributions, including historical underpayments to such plans, we made a provision of RMB67.6 million (US\$10.4 million), which is reflected in our audited financial statements included in this annual report. While we believe this provision is adequate, our failure to make sufficient payments to such plans does not fully comply with applicable PRC laws and regulations and we may be required to make up the contributions for such plans as well as to pay late fees and fines.

***Registered public accounting firms in China, including our independent registered public accounting firm, are not inspected by the U.S. Public Company Accounting Oversight Board, which deprives us and our investors of the benefits of such inspection.***

Auditors of companies whose shares are registered with the U.S. Securities and Exchange Commission, or the SEC and traded publicly in the United States, including our independent registered public accounting firm, must be registered with the U.S. Public Company Accounting Oversight Board, or PCAOB, and are required by the laws of the United States to undergo regular inspections by the PCAOB to assess their compliance with the laws of the United States and professional standards applicable to auditors. Our independent registered public accounting firm is located in, and organized under the laws of the Peoples' Republic of China, or the PRC, which is a jurisdiction where the PCAOB, notwithstanding the requirements of U.S. law, is currently unable to conduct inspections without the approval of the Chinese authorities. In May 2013, PCAOB announced that it had entered into a Memorandum of Understanding on Enforcement Cooperation with the China Securities Regulatory Commission, or the CSRC and the PRC Ministry of Finance, which establishes a cooperative framework between the parties for the production and exchange of audit documents relevant to investigations undertaken by PCAOB, the CSRC or the PRC Ministry of Finance in the United States and the PRC, respectively. PCAOB continues to be in discussions with the CSRC and the PRC Ministry of Finance to permit joint inspections in the PRC of audit firms that are registered with PCAOB and audit Chinese companies that trade on U.S. exchanges.

This lack of PCAOB inspections in China prevents the PCAOB from fully evaluating audits and quality control procedures of any auditors operating in China, including our independent registered public accounting firm. As a result, we and investors in our common stock are deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China makes it more difficult to evaluate the effectiveness of our independent registered public accounting firm's audit procedures or quality control procedures as compared to auditors outside of China that are subject to PCAOB inspections, which could cause investors and potential investors in our common stock to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

***If additional remedial measures are imposed on the Big Four PRC-based accounting firms, including our independent registered public accounting firm, in administrative proceedings brought by the SEC alleging the firms' failure to meet specific criteria set by the SEC, we could be unable to timely file future financial statements in compliance with the requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act.***

In December 2012, the SEC instituted administrative proceedings against the Big Four PRC-based accounting firms, including our independent registered public accounting firm, alleging that these firms had violated U.S. securities laws and the SEC's rules and regulations thereunder by failing to provide to the SEC the firms' audit work papers with respect to certain PRC-based companies that are publicly traded in the United States. On January 22, 2014, an initial administrative law decision was issued, censuring that each of the firms had violated the SEC's rules of practice by failing to produce audit work papers to the SEC. The initial decision censured each of the firms and barred them from practicing before the SEC for a period of six months. The decision is not effective unless and until it is endorsed by the SEC. On February 12, 2014, the four PRC-based accounting firms appealed to the SEC against this sanction. On February 6, 2015, the four PRC-based accounting firms each agreed to a censure and to pay a fine to the SEC to settle the dispute and avoid suspension of their ability to practice before the SEC and audit U.S. listed companies. The settlement required the firms to follow detailed procedures to seek to provide the SEC with access to Chinese firms' audit documents via the CSRC. If future document productions fail to comply with the documentation production procedures that are in the settlement agreement or if there is a failure of the process between the SEC and the CSRC, the SEC retains authority to impose a variety of additional remedial measures on the firms depending on the nature of the failure. If the accounting firms are subject to additional remedial measures, our ability to file our financial statements in compliance with SEC requirements could be impacted. A determination that we have not timely filed financial statements in compliance with SEC requirements could ultimately lead to the delisting of our common stock from the NYSE or the termination of the registration of our common stock under the Securities Exchange Act of 1934, or both, which would substantially reduce or effectively terminate the trading of our common stock in the United States.

#### **Risks Related to Our ADSs**

***The trading prices of our ADSs have fluctuated and may be volatile.***

The trading prices of our ADSs have fluctuated since we first listed our ADSs. Since our ADSs became listed on the NYSE on October 31, 2013, the trading price of our ADSs has ranged from US\$17.00 to US\$83.71 per ADS, and the last reported trading price on May 12, 2016 was US\$50.43 per ADS. The prices for our ADSs may continue to fluctuate because of broad market and industry factors, like the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in the United States. In recent years, the widespread negative publicity of alleged fraudulent accounting practices and poor corporate governance of certain U.S. public companies with operations in China were believed to have negatively affected investors' perception and sentiment towards companies with connection with China, which significantly and negatively affected the trading prices of some companies' securities listed in the United States. Any similar negative publicity or sentiment may affect the performances of our ADSs. The securities of some PRC companies that have listed their securities on U.S. stock markets have experienced significant volatility. The trading performances of these PRC companies' securities after their offerings may affect the attitudes of investors toward PRC companies listed in the United States in general and consequently may impact the trading performance of our ADSs, regardless of our actual operating performance.

In addition to market and industry factors, the price and trading volume for our ADSs may be highly volatile for factors specific to our own operations, including the following:

- the financial projections that we may choose to provide to the public, any changes in those projections or our failure for any reason to meet those projections;
- variations in our net sales, earnings and cash flow;
- announcements of new investments, acquisitions, strategic partnerships, or joint ventures;
- announcements of new services and expansions by us or our competitors;
- changes in financial estimates by securities analysts;
- additions or departures of key personnel;
- release of lock-up or other transfer restrictions on our outstanding equity securities or sales of additional equity securities;
- detrimental negative publicity about us, our competitors or our industry;
- potential litigation or regulatory investigations or other proceedings involving us;
- fluctuations in market prices for our products; and
- proceedings instituted recently by the SEC against five PRC-based accounting firms, including our independent registered public accounting firm.

Any of these factors may result in large and sudden changes in the volume and price at which our ADSs will trade.

***If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our ADSs, the market price for our ADSs and trading volume could decline.***

The trading market for our ADSs will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade our ADSs, or publish unfavorable research about us, the market price for our ADSs would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for our ADSs to decline.

***Our dual class share structure with different voting rights will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial.***

Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares are entitled to one vote per share, while holders of Class B ordinary shares are entitled to ten votes per share, with Class A and Class B ordinary shares voting together as one class on all matters subject to a shareholders' vote. As of February 29, 2016, holders of our Class B ordinary shares collectively owned approximately 22.3% of our outstanding ordinary shares, representing 74.2% of our total voting power. As of February 29, 2016, our founder, chairman and chief executive officer, Mr. Jinbo Yao and Tencent beneficially own an aggregate of 34.2% of our outstanding shares.

As a result of the dual class share structure and the concentration of ownership, holders of our Class B ordinary shares have substantial influence over our business, including decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions. They may take actions that are not in the best interest of us or our other shareholders. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could deprive our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of our ADSs. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class A ordinary shares and ADSs may view as beneficial. For more information regarding our principal shareholders and their affiliated entities, see “Item 7. Major Shareholders and Related Party Transactions.”

***The sale or availability for sale of substantial amounts of our ADSs could adversely affect their market price.***

Sales of substantial amounts of our ADSs in the public market, or the perception that these sales could occur, could adversely affect the market price of our ADSs and could materially impair our ability to raise capital through equity offerings in the future. We cannot predict what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of our ADSs.

***We may be classified as a passive foreign investment company for United States federal income tax purposes, which could result in adverse United States federal income tax consequences to United States investors in the ADSs or Class A ordinary shares.***

Depending upon the value of our assets, which may be determined based, in part, on the market value of our Class A ordinary shares and ADSs, and the nature of our assets and income over time, we could be classified as a “passive foreign investment company,” or PFIC, for United States federal income tax purposes. Under United States federal income tax law, we will be classified as a PFIC for any taxable year if either (i) at least 75% of our gross income for the taxable year is passive income or (ii) at least 50% of the value of our assets (based on the average quarterly value of our assets during the taxable year) is attributable to assets that produce or are held for the production of passive income. Based on our income and assets and the value of our ADSs and Class A ordinary shares, we do not believe that we were a PFIC for the taxable year ended December 31, 2015 and, although no assurances can be made in this regard, we do not expect to be a PFIC for the current taxable year or any subsequent taxable year. While we do not anticipate being a PFIC, changes in the nature of our income or assets or the value of our assets may cause us to become a PFIC for the current or any subsequent taxable year.

Although the law in this regard is not entirely clear, we treat Beijing 58 and other consolidated affiliated entities as being owned by us for United States federal income tax purposes, because we control their management decisions and we are entitled to substantially all of the economic benefits associated with them, and, as a result, we consolidate their results of operations in our consolidated U.S. GAAP financial statements. If it were determined, however, that we are not the owner of Beijing 58 and other consolidated affiliated entities for United States federal income tax purposes, we would likely be treated as a PFIC for our taxable year ending December 31, 2016 and for subsequent taxable years. Because of the uncertainties in the application of the relevant rules and because PFIC status is a factual determination made annually after the close of each taxable year on the basis of the composition of our income and the value of our active versus passive assets, there can be no assurance that we will not be a PFIC for our taxable year ending December 31, 2015 or any future taxable year. Under circumstances where revenues from activities that produce passive income significantly increase relative to our revenues from activities that produce non-passive income or where we determine not to deploy significant amounts of cash for active purposes, our risk of becoming classified as a PFIC may substantially increase.

If we were to be or become a PFIC, a U.S. Holder (as defined in “Item 10. Additional Information — E. Taxation — United States Federal Income Tax Considerations” and “Item 10. Additional Information — E. Taxation — United States Federal Income Tax Considerations — General”) may incur significantly increased United States federal income tax on gain recognized on the sale or other disposition of the ADSs or Class A ordinary shares and on the receipt of distributions on the ADSs or Class A ordinary shares to the extent such gain or distribution is treated as an “excess distribution” under the United States income tax rules. Further, if we were a PFIC for any year during which a U.S. Holder held our ADSs or Class A ordinary shares, we generally would continue to be treated as a PFIC with respect to such U.S. Holder for all succeeding years during which such U.S. Holder held our ADSs or Class A ordinary shares. Each U.S. Holder is urged to consult its tax advisor concerning the United States federal income tax consequences of purchasing, holding and disposing of ADSs or Class A ordinary shares if we are or become treated as a PFIC.

***The voting rights of holders of ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise your right to vote your Class A ordinary shares.***

As a holder of our ADSs, you will only be able to exercise the voting rights with respect to the underlying Class A ordinary shares in accordance with the provisions of the deposit agreement. Under the deposit agreement, you must vote by giving voting instructions to the depository. Upon receipt of your voting instructions, the depository will vote the underlying Class A ordinary shares in accordance with these instructions. You will not be able to directly exercise your right to vote with respect to the underlying shares unless you withdraw the shares. Under our amended and restated memorandum and articles of association, the minimum notice period required for convening a general meeting is ten clear days. When a general meeting is convened, you may not receive sufficient advance notice to withdraw the shares underlying your ADSs to allow you to vote with respect to any specific matter. If we ask for your instructions, the depository will notify you of the upcoming vote and will arrange to deliver our voting materials to you. We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depository to vote your shares. In addition, the depository and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to vote and you may have no legal remedy if the shares underlying your ADSs are not voted as you requested.

***We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to United States domestic public companies.***

Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the Exchange Act requiring the filing with the Securities and Exchange Commission, or the SEC, of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their share ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

We are required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of the NYSE. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC are less extensive and less timely as compared to that required to be filed with the SEC by United States domestic issuers. As a Cayman Islands company listed on the NYSE, we are subject to the NYSE corporate governance listing standards. Among other things, Section 303A.08 of the NYSE Listed Company Manual requires shareholder approval of material revisions to equity-compensation plans and Section 312.03(c) of the NYSE Listed Company Manual requires shareholder approval of new share issuances above the 20% threshold specified therein. However, NYSE rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. We have elected to follow the Cayman Islands practices with respect to the amendment of our 2013 share incentive plan to increase the total number of ordinary shares that may be issued pursuant to awards granted under the plan. In addition, we have also elected to follow the Cayman Islands practices with respect to the issuance of new ordinary shares above the 20% threshold as specified in Section 312.03(c).

***You may not receive dividends or other distributions on our ordinary shares and you may not receive any value for them, if it is illegal or impractical to make them available to you.***

The depository of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on Class A ordinary shares or other deposited securities underlying our ADSs, after deducting its fees and expenses. You will receive these distributions in proportion to the number of Class A ordinary shares your ADSs represent. However, the depository is not responsible if it decides that it is unlawful or impractical to make a distribution available to any holders of ADSs. For example, it would be unlawful to make a distribution to a holder of ADSs if it consists of securities that require registration under the Securities Act but that are not properly registered or distributed under an applicable exemption from registration. The depository may also determine that it is not feasible to distribute certain property through the mail. Additionally, the value of certain distributions may be less than the cost of mailing them. In these cases, the depository may determine not to distribute such property. We have no obligation to register under U.S. securities laws any ADSs, ordinary shares, rights or other securities received through such distributions. We also have no obligation to take any other action to permit the distribution of ADSs, ordinary shares, rights or anything else to holders of ADSs. This means that you may not receive distributions we make on our ordinary shares or any value for them if it is illegal or impractical for us to make them available to you. These restrictions may cause a material decline in the value of our ADSs.

***You may not be able to participate in rights offerings and may experience dilution of your holdings.***

We may, from time to time, distribute rights to our shareholders, including rights to acquire securities. Under the deposit agreement, the depository will not distribute rights to holders of ADSs unless the distribution and sale of rights and the securities to which these rights relate are either exempt from registration under the Securities Act with respect to all holders of ADSs, or are registered under the provisions of the Securities Act. The depository may, but is not required to, attempt to sell these undistributed rights to third parties, and may allow the rights to lapse. We may be unable to establish an exemption from registration under the Securities Act, and we are under no obligation to file a registration statement with respect to these rights or underlying securities or to endeavor to have a registration statement declared effective. Accordingly, holders of ADSs may be unable to participate in our rights offerings and may experience dilution of their holdings as a result.

***You may be subject to limitations on transfer of your ADSs.***

Your ADSs are transferable on the books of the depository. However, the depository may close its books at any time or from time to time when it deems expedient in connection with the performance of its duties. The depository may close its books from time to time for a number of reasons, including in connection with corporate events such as a rights offering, during which time the depository needs to maintain an exact number of ADS holders on its books for a specified period. The depository may also close its books in emergencies, and on weekends and public holidays. The depository may refuse to deliver, transfer or register transfers of our ADSs generally when our share register or the books of the depository are closed, or at any time if we or the depository thinks it is advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

***We incur increased costs as a result of being a public company.***

As a public company, we incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the SEC and NYSE, impose various requirements on the corporate governance practices of public companies. For example, as a public company, we need to increase the number of independent directors and adopt policies regarding internal controls and disclosure controls and procedures. We have incurred additional costs in obtaining director and officer liability insurance. In addition, we also incur additional costs associated with our public company reporting requirements. It may also be more difficult for us to find qualified persons to serve on our board of directors or as executive officers. We expect these rules and regulations to increase our legal and financial compliance costs and to make some corporate activities more time-consuming and costly. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate with any degree of certainty the amount of additional costs we may incur or the timing of such costs.

In addition, we have ceased to be an “emerging growth company” as of December 31, 2014, and therefore are no longer able to take advantage of certain exemptions from various requirements applicable to other public companies that are not emerging growth companies including, most significantly, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002. We have incurred significant expenses and devoted substantial management effort, and expect to continue to do so to ensure compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and the other rules and regulations of the SEC.

In the past, shareholders of a public company often brought securities class action suits against the company following periods of instability in the market price of that company’s securities. If we were involved in a class action suit, it could divert a significant amount of our management’s attention and other resources from our business and operations, which could harm our results of operations and require us to incur significant expenses to defend the suit. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

#### **ITEM 4. INFORMATION ON THE COMPANY**

##### **A. History and Development of the Company**

We began our operations in China in 2005 through Beijing 58, a PRC limited liability company, which has become our consolidated affiliated entity through a series of contractual arrangements. Our current holding company, 58.com Inc., was incorporated in May 2011 as a limited liability company in the Cayman Islands.

On November 5, 2013, we raised US\$200.0 million in net proceeds from the initial public offering of our ADSs and another US\$15.0 million from a concurrent private placement of Class A ordinary shares to DCM Hybrid RMB Fund, L.P., a fund affiliated with DCM V, L.P., one of our existing shareholders. Our ADSs trade on the New York Stock Exchange under the symbol “WUBA.”

On April 2, 2014, we and certain selling shareholders completed a follow-on public offering of ADSs. Our net proceeds, after deducting underwriting commissions, amounted to approximately US\$73.0 million. We did not receive any proceeds from the sale of the ADSs by the selling shareholders.

In June 2014, Tencent invested US\$736.1 million in our company and acquired 36,805,000 Class A and Class B ordinary shares, representing a 19.9% equity interest in our company on a fully-diluted basis at that time. We applied part of the proceeds from this transaction to repurchase 27,603,750 ordinary shares of our company from certain pre-IPO shareholders.

In March 2015, we acquired Anjuke, a major online real estate listing platform in China, through the purchase of a 100% equity interest in Anjuke Inc., a company incorporated under the laws of the Cayman Islands, for 4,839,372 newly issued Class A ordinary shares of our company and US\$160.2 million in cash. We also issued 248,216 fully vested restricted share units of our company to former Anjuke employees as part of the share consideration.

In April 2015, we acquired a less than 50% equity stake in Falcon View Technology, or Ganji, the holding company of the PRC entities operating *Ganji.com*, a major online local services platform in China, for 34,039,136 newly issued Class A ordinary shares of our company and US\$412.2 million in cash. Concurrent with this acquisition, Tencent purchased 15,384,616 additional newly issued Class A ordinary shares of our company from us for US\$400.0 million.

Later in 2015, our company, as a limited partner, committed an aggregate of 46,505,912 newly issued ordinary shares and US\$406.7 million in cash to several private equity funds, of which all the ordinary shares and US\$272.4 million in cash were contributed to the funds in August 2015. These funds are dedicated to investing in businesses in China and separately managed by different investment entities, as general partners, which are unaffiliated with each other and unaffiliated with us. These funds, together with Tencent, acquired all the remaining equity interest in Ganji in August 2015. We also transferred an aggregate of 4,449,002 fully vested restricted share units of our company and approximately US\$51.0 million in cash to former Ganji employees as part of the total consideration of step acquisition of Ganji. We considered that we have a controlling financial interest over the equity funds under the voting interest model, and as a result have consolidated Ganji since August 6, 2015.

On November 27, 2015, 58 Home raised US\$300.0 million in a Series A preferred shares equity funding round, with participation from Alibaba Group Holding Limited, global investment firm KKR, and Ping An Group, among which US\$10.0 million was contributed by 58.com Inc. Following the closing of the series A financing of 58 Home, 58.com Inc. holds 87.9% of the total outstanding ordinary shares of 58 Home and 61.7% of the total outstanding shares of 58 Home on an as-converted basis. As certain rights provided to the non-controlling Series A preferred shareholders of 58 Home would be viewed as substantive participating rights under U.S. GAAP, we have ceased consolidating the financial results of 58 Home in our consolidated financial statements in accordance with U.S. GAAP since November 27, 2015.

On December 31, 2015, we divested our controlling ownership stake in Guazi, a subsidiary that operated our consumer-to-consumer (C2C) used car trading platform, to Mr. Mark Haoyong Yang, co-chairman of our board of directors at the time. We had a 45.6% stake in Guazi immediately following the spin-off.

On December 11, 2015, we issued 4,267,344 Class A ordinary shares at a price of US\$31.0 per share to Tencent in exchange for the cancellation of US\$125 million principal amount of a loan from Tencent, together with accrued but unpaid interest on the principal amount of US\$400 million as of December 11, 2015.

Our principal executive offices are located at Building 105, 10 Jiuxianqiao North Road Jia, Chaoyang District, Beijing 100015, the People's Republic of China. Our telephone number at this address is +86 10 5956-5858. Our registered office in the Cayman Islands is located at the offices of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Our agent for service of process in the United States is Law Debenture Corporate Services Inc., located at 400 Madison Avenue, 4<sup>th</sup> Floor, New York, New York 10017.

## **B. Business Overview**

Our business is comprised principally of our online classifieds and listing platforms. Our online classifieds and listings platforms enable local merchants and consumers to connect, share information and conduct business in China. These platforms include 58, Ganji and Anjuke. 58 and Ganji are online multi-content category-classified advertising platforms, while Anjuke is an online real estate listing platform.

In addition, 58 Home, our unconsolidated subsidiary, operates a mobile-based closed-loop transactional platform for home services, which directly connects consumers and individual service providers for local services such as home cleaning, moving services and manicure services provided at home.

### *Our Classifieds and Listing Platforms*

Our classifieds and listing platforms contain local information for approximately 485 cities across diverse content categories, including jobs, real estate, used goods, automotive and yellow pages. Users can browse and search for free for local information that they need. Users, including both consumers and merchants, can also post content for free. The content includes job resumes, real estate rental and sales listings, and used vehicles and used goods for sale, among others.

To improve user experience, our teams design and provide templates to users to make listings easier to post and more informative and relevant. We conduct automatic and manual screening using proprietary technology and processes to improve the information quality on our online platforms. Our information quality teams leverage our years of experience and continue to strengthen processes to certify local merchants offline, detect spam, and collect and respond to customer feedback online.

On our online classifieds and listing platforms, merchants can post content to attract potential customer leads for free, but for paying merchants we provide subscription-based membership services to help them attract more customers. For further enhanced marketing effectiveness, merchants can purchase various additional online marketing services such as real-time bidding and priority listing. Merchants can pay for these services online, including through their mobile phones.

We have field sales teams in 39 cities in China. In approximately 330 other cities where we do not have field sales teams, we work with sales agencies to market locally. Our field sales and sales agency teams educate local merchants about the internet market and how the subscription-based membership services on our classifieds and listing platforms can help them do better business. We also have centralized customer service teams who maintain regular contact with our customers and upsell various online marketing services to help them optimize their marketing effectiveness.

Our business model is highly compatible with mobile internet. User experience of browsing or listing information on our mobile applications is much better than on PC applications because of smart phone features such as location based services and more convenient photo shooting and communication tools. The enhanced mobile user experience also significantly increases user engagement.

Similar to our *www.58.com* website, our main 58 mobile application contains information in the various content categories. It allows users to access information in different categories in one application. Our newly acquired and consolidated businesses also have their own respective mobile applications. Ganji's mobile application is a multiple category classifieds application similar to our 58 mobile application. Anjuke's mobile application mainly focuses on secondary and primary home sales. We have various merchant mobile applications through which merchants can manage content, interact with consumers and purchase online marketing services to better attract consumers. We also have other category-specific mobile applications from acquisitions or internal development that are still relatively small in terms of user traffic. In 2015, 71% of our total detail page views were on mobile applications.

### ***58 Home***

The home services industry in China is a massive but fragmented industry. China has over one hundred cities with a population of a million or more. These cities create a strong demand for home services such as home cleaning, cooking, laundry, automotive maintenance and cleaning, tutoring, healthcare and moving services. On the supply side, China has a sufficient labor pool to provide these services. These service providers typically form small or micro-scale businesses or attach themselves to middleman agency companies. These businesses are generally small and local and lack strong brands. As a result, Chinese consumers generally have difficulty in searching for these services providers, let alone those who can provide high-quality and consistent services.

In the second half of 2014, 58 Home launched its first mobile application. The search, reservation, payment, rating and review of these services can be done on the mobile application. 58 Home finds and certifies individual service providers and trains them to use the merchant version of the mobile application. There are no middleman agency companies on 58 Home. Consumers can select individual service providers or leave the selection of the service providers to the system, which recommends service providers based on location, availability and other criteria specified by the consumers. Other than online efforts, 58 Home also conducts regular training for services providers in an effort to raise the quality of their services, which is a key aspect of user experience. 58 Home also has customer services call center teams that collect customer feedback to enhance our operations. Currently 58 Home focuses on three core categories: home cleaning, moving services and manicure services provided at home or merchant locations. 58 Home also partners with third-party companies that provide a single vertical home service category in order to widen the content categories on 58 Home. The 58 Home applications facilitate the matching of supply and demand for local services and help raise the quality of these services provided in China. Currently, there are over 30 cities in China where most of 58 Home services are available. 58 Home is still in an early stage and 58 Home plans to roll out services to more cities and categories in 2016.

### ***Our Revenue Model***

We generate revenues primarily from memberships and online marketing services. A membership is a basic service package mainly consisting of merchant certification, display of an online storefront on our platforms, preferential listing benefits such as daily priority listings and higher quota for daily listings, and access to our dedicated customer service support team and online account management system. Our online marketing services include listing services, such as real-time bidding and priority listing, as well as marketing services through collaboration with third-party internet companies in China. Merchants can use our real-time bidding services to bid for the most prominent placement of their listings in specific categories and locations on a daily or a cost per click, or CPC, basis. Merchants can also purchase our priority listing services, which place their listings below real-time bidding listings and above paying merchant members' listings.

Our revenues were US\$145.7 million, US\$265.0 million and US\$714.8 million in 2013, 2014 and 2015, respectively. We had net income of US\$19.6 million in 2013 and US\$22.6 million in 2014 and we incurred net loss of US\$263.0 million in 2015.

## Our Users

Our users refer to all participants on our platforms, including consumers and local merchants. Users may browse and search information on our online platforms without the need to register an account with us. After completing a user registration process, a user can post information and use our communication tools and other services.

Our paying merchant members refer to the registered accounts through which our users have purchased our membership services. Users who have purchased our membership are entitled to additional services and benefits after paying membership fees to us. See also “— Service Offerings — Membership.” Our online marketing customers refer to users who have purchased our various online marketing services to enhance their marketing effectiveness. Our paying merchant members can also purchase online marketing services in addition to membership subscriptions. Online marketing customers also include third-party internet companies who collaborate with us on performance-based online marketing services for their own advertisers.

## Content Categories

Our users post a massive number of listings on our platforms covering a wide range of services and products. We organize the listings on our platforms by content categories in an intuitive and easy-to-use directory to facilitate the browsing and viewing of listings. Within each main content category, information is further sorted into subcategories with various search criteria and parameters to allow users to further refine their information search and increase the relevancy of their search results. Currently, listings on our platforms cover major categories such as jobs, real estate, used goods, automotive and yellow pages.

Key features of the main content categories are summarized as follows:

- *Jobs.* Jobs currently covers a wide range of job categories such as sales people, skilled workers, food and beverage staff, delivery staff, and homecare and cleaning staff. Our 58 and Ganji platforms have largely blue collar job listings and resumes. Employers can search and review resumes on our database. In addition, this content category contains other tools that enable employers to manage, organize and streamline the recruitment and hiring process.
- *Real estate.* Real estate is sorted into sub-groups of residential leasing, primary and secondary property sales, office space, retail space and industrial real estate leasing. Our 58 and Ganji platforms have mainly secondary property sales and rental listings, while our Anjuke platform has both primary and secondary property sales listings. Listings are uploaded by either individual consumers or real estate agents. We further facilitate users’ decision making by providing property pricing indices, generated from our listing database, for different areas and property categories. Our PC and mobile applications enable real estate agents to conveniently upload new listings, manage their listings, communicate with consumers and monitor marketing effectiveness.
- *Used goods.* Used goods covers a wide selection of used consumer products such as computers and peripherals, mobile phones, digital cameras, furniture, household appliances and goods, books, artwork, sporting goods and musical instruments. Listings are uploaded by either individual consumers or used goods buy-sell merchants. In addition to the exchange of information, we also facilitate online transactions through our main 58 mobile application or through Zhuanzhuan, an internally developed used goods mobile application.
- *Automotive.* Automotive includes listings of new and used cars, car leasing, driving school services, automotive repair and maintenance services, and other car-related services. Listings are uploaded by either individual consumers or used car dealers. The platforms also contain automotive manufacturers’ brand advertising for their new and used car businesses. For selected vehicles, we also provide vehicle inspection information as well as financial services, mostly through qualified third-party partners, in an effort to better facilitate the automotive transaction. We also have mobile applications that help users to prepare for driving license examinations, find driving tutors or access other information or services needed by car owners.

- *Yellow pages local services.* This business directory covers a variety of general local services, which include homecare, business services, renovation, education and training, vehicle rental, franchise licensing services, wedding and filming, and travel services. In some relevant content categories, we facilitate commerce by providing online user reviews, reservations, and transaction and payment tools. These functionalities further enhance user engagement and bring a higher level of convenience to users.

## **Our Websites and Mobile Applications**

### *Our Websites*

Our key websites include *www.58.com*, *www.ganji.com* and *www.anjuke.com*. Website layouts are designed to ensure a smooth user experience. Users are typically brought to one of the approximately 485 city websites, or they can manually select the city they are interested in. Within each city website, listings are grouped by content categories and subcategories. Users can further select a specific neighborhood within the city, leading users to information that is only relevant to the selected neighborhood. In each content category, we provide customized parameters to allow users to further filter their search queries.

From the home page, once users select the location and category, users will access a listing page, where numerous listings are displayed. The listings on this page typically include brief information on merchants and their services. When users click on an individual listing, a landing page will show more detailed information about the merchant and the product and service the merchant provides. These subcategories and additional parameters are regularly reviewed and optimized for each content category based on user feedback and user traffic data to ensure we continue to provide a superior user experience.

### *Our Mobile Applications*

Our listing-based content is easily accessible through our different mobile applications. We mainly offer three types of mobile applications: downloadable applications developed for Android and iOS platforms, browser-adapted applications for users accessing our websites through their smartphone browsers and tailor-made mobile applications for merchants.

The mobile application content layout for classifieds and listings is intuitive and easy to use. Once users select a location and a main content category, they are presented with the listings results. Users can further narrow the search by selecting more detailed search parameters, customized for different content categories.

Mobile functions further enhance user experience on mobile phones. For example, a direct dial feature on our mobile-enabled platform allows users to call the phone numbers displayed on a listing with one simple touch. In addition, mobile users can send messages or use instant messaging software from our mobile applications at any time. We designed additional features for users to upload photos from mobile phones to update the listing content, which is immediately synchronized with our web content. The multi-media functionalities of mobile phones further enrich the listing content on our platforms. Furthermore, location-based functionalities of mobile phones enable us to provide information that is more geographically relevant to users on a real-time basis. We have also developed technologies to recommend content based on users' past browsing history. Our merchant mobile applications simplify the processes for merchants to manage their listings, such as uploading, modifying, searching and prioritizing the listings and also purchasing online marketing services to enhance their marketing effectiveness. Our mobile applications also allow merchants to communicate in real time with users and manage their customer relationships on our applications. We also leverage big data ability to better match consumers who look for local services information with those merchants who can provide the most relevant services. We continually work on developing additional features to better utilize mobile device functionalities to enhance user experience.

In the case of 58 Home (the home services app) or Zhuanzhuan (our used goods app), mobile payment technology has made closed-loop services, from searching to paying for services, not only possible but convenient.

The 58 Home mobile applications, launched in the second half of 2014, currently contain content categories such as home cleaning, moving services and manicure services. These mobile applications focus on services that generally require service providers to go to the consumer's home to render the services. Users can easily book services through the application after identifying the services they need, the location and the expected timing. Users can use a system recommended service provider or select service providers through browsing the service providers available and their rating and reviews from other consumers. When the services are rendered, users can pay online or with cash in person. They can also pay a lump sum to become members, which entitles them to better discounts for booking future services from the platform.

Apart from the user versions of the 58 Home PC and mobile applications, 58 Home has also launched separate applications for service providers. They enable service providers to receive and act on incoming orders, communicate with the consumers, receive payments and track service remuneration.

These applications simplify the process for users to find local services and enable them to make more informed decisions about selecting service providers. They also enable the service providers who were previously typically affiliated with offline service agencies to gain direct access to consumers and over time create a reputation by providing high-quality services and accumulating good reviews. 58 Home services, by connecting increasingly more consumers and service providers, aim to become a more efficient platform in matching supply and demand for local services. By making the booking, communication and payment process more transparent and conducting regular training for the service providers, 58 Home expects to help raise the quality standards of the local services and increase the satisfaction rate of consumers and service providers.

The Zhuanzhuan mobile application, which we launched in the fourth quarter of 2015, allows users to search and trade used goods such as computers and peripherals, mobile phones, digital cameras, furniture, household appliances and goods, books, artwork, sporting goods and musical instruments.

### ***Functionalities of our Platforms***

All users can use our platforms to:

- *Browse and search.* Users can browse and search our large database of listings to retrieve specific listings relevant to their needs for free and without the need of registering an account with us. Users are able to obtain search results based on keyword searches as well as an intelligent dictionary of commercial products and associated terms.
- *Post listings.* Users who register with us enjoy the basic services of listing information on our online platforms for free as well as other additional benefits. A registered user can choose to go through our certification process by providing personal identification information, a mobile phone number and an email address for an individual, or business license and contact information for an enterprise. Listings by a registered user that has passed the merchant certification process will be identified with a trust rating score on our online platforms.
- *Communicate.* Other than traditional phone communication, most of our websites and mobile applications offer instant messaging tools enabling users to maintain a "friends list" and communicate online. In addition to the instant messaging tools, our mobile site and mobile applications contain a direct dial feature which allows users to call or send text messages to phone numbers displayed on the listings with one simple touch. Our instant messaging software and mobile application are designed specifically for merchants. They have features such as instant notification when users visit their listings, which ensures real-time interaction between merchants and consumers, and recommending users to merchants based on our system's intelligent matching capability after analyzing a merchant's listing content and a user's viewing history.
- *Make reservation and purchase.* In addition to providing a local information directory, our online platforms also facilitate online reservations and transactions between consumers and local merchants in 58 Home or used goods categories. For example, users can book home cleaning, moving services and manicure services on 58 Home or buy and sell used goods on Zhuanzhuan. We partner with well-known third parties to provide mobile payment interfaces and escrow payment ability.

- *Review and report.* Users can post reviews on listings on our platforms, which provides transparency on merchant credibility. Reviews and ratings are most common in 58 Home and Zhuanzhuang used goods categories. Consumers can also easily report fraud if they come across suspicious content.

## Service Offerings

### Membership

A subscription-based membership is a basic service package consisting mainly of merchant certification, display of an online storefront on our platforms, preferential listing benefits such as daily priority listings and a higher quota for daily listings, and access to our dedicated customer service support team and online account management system. Merchants who subscribe to our membership can enjoy more services and obtain more effective marketing than non-paying merchants on our platforms. 58, Ganji and Anjue offer subscription-based merchant membership packages that include similar types of services although the specific details of the services, such as the quotas for daily listings and downloadable resumes, may vary from platform to platform.

We offer memberships of varying lengths across different content categories. Memberships in the yellow pages and jobs categories are primarily 12-month packages. In China, due to relatively high employee turnover among migrant workers, many businesses have ongoing hiring needs. Memberships in the real estate category are primarily one- to three-month packages due to the higher turnover of real estate agents. We acquire a majority of paying merchant members through our field sales teams. Our centralized and dedicated tele-customer service team supports our paying merchant members during their membership to enhance the effectiveness of the paying merchant members' marketing efforts and improve the likelihood of membership renewals. A majority of our paying merchant members are small and medium-sized local merchants.

The following table sets forth the number of subscription-based paying membership accounts for the periods indicated:

|       | March 31,<br>2013 | June 30,<br>2013 | Sept. 30,<br>2013 | Dec. 31,<br>2013 | March 31,<br>2014 | June 30,<br>2014 | Sept. 30,<br>2014 | Dec. 31,<br>2014 | March 31,<br>2015 | June 30,<br>2015 | Sept. 30,<br>2015 | Dec. 31,<br>2015 |
|-------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|
|       | (in thousands)    |                  |                   |                  |                   |                  |                   |                  |                   |                  |                   |                  |
| 58    | 248.8             | 297.7            | 352.9             | 392.9            | 441.0             | 510.3            | 560.1             | 604.5            | 668.6             | 783.8            | 893.4             | 963.5            |
| Ganji | —                 | —                | —                 | —                | —                 | —                | —                 | —                | —                 | —                | 495.1             | 464.0            |
| Anjue | —                 | —                | —                 | —                | —                 | —                | —                 | —                | 129.1             | 206.2            | 293.5             | 327.4            |

Note: We define paying membership accounts as the registered accounts through which our users have purchased our membership subscriptions. The number of paying membership accounts in a given period represents the paying merchant members whose membership subscriptions are in their service period at any point during such given period.

Our membership services package includes the following services:

- *Certification services.* We require merchant certification for local merchants who intend to become our paying merchant members. We require membership applicants to provide us with copies of their business licenses and we check the authenticity of details included in the business licenses against those available in third-party databases, such as the publicly available database of the local administration of industry and commerce. We have also developed various other certification processes and requirements that are specific to different content categories based on our years of experience. Each member that has passed the merchant certification process will be identified as a certified merchant on our platforms.
- *Online storefront.* Paying merchant members can set up online storefronts by utilizing 615 standard website templates that we have developed in-house and that can be customized for different service sectors. A member may include a brief company profile containing the member's contact information and a virtual showroom of the member's products and services. The online storefront also includes online reservation, transaction and payment functions.
- *Preferential listing benefits.* Paying merchant members' listings and online storefronts have priority placement in the listings and search results over those of our non-member registered users. In addition, paying merchant members can designate time intervals throughout a day to refresh their listings up to a pre-set number of times a day without additional fees. Other benefits include higher daily quotas to upload listings, higher discounts to purchase other online marketing services, dedicated telephone numbers through which users can contact merchants for customer services and statistical reports to track marketing effectiveness and participation opportunity in our marketing events.

- *Customer service.* We provide our paying merchant members with a dedicated and experienced customer support team that attends to their inquiries, assists them with setting up their online storefronts, and follows up with them to help optimize their listings and marketing effectiveness. In addition to general customer service, we also provide industry specific online marketing know-how to help merchants maximize their market effectiveness.
- *Account management system.* We have developed a comprehensive account management system which serves as a one-stop shop for our paying merchant members. Our account management system allows paying merchant members to conduct various activities, including managing listings, tracking and evaluating the marketing effectiveness of listings, managing business operations, and purchasing our online marketing services, via a user-friendly interface. Our account management interface is tailored in design and functions for the varying needs and requirements of our paying merchant members in different sectors. We have also developed a mobile merchant application through which our paying merchant members are provided with access to the same information and services on mobile devices as on PCs. In addition to enabling listings with increased relevance of information through location-based services, the mobile application also allows merchants to communicate in real time with users.

Membership revenues from customers are mostly collected by our field sales teams, while customers can also opt to request and subscribe to memberships through our online interface.

### ***Online Marketing Services***

Our online marketing services primarily include listing services, such as real-time bidding and priority listing, display advertising and online marketing services through collaboration with third-party internet companies in China. All of our 58, Ganji and Anjuke platforms offer some sort of online marketing services. 58's and Ganji's online marketing services are mainly listing services that customers purchase to enhance the exposure of their listings. Anjuke's marketing services relate to primary real estate properties. On average, approximately 45.1% of our quarterly paying membership accounts purchased our online marketing services in 2015.

Merchants can use our real-time bidding services to bid for the most prominent placement of their listings in specific categories and locations on a cost per click basis, also known as CPC. We have developed a user-friendly bidding system through which merchants can create text- and graphic-based descriptions for their listings and bid on the placements of their listings. We set minimum bidding prices which are based on metrics such as traffic and number of clicks generated by precedent placements. We launched our real-time bidding services, mainly for daily listings, in selected categories and locations in the first quarter of 2013. We upgraded the daily bidding systems to a CPC basis for major categories in first quarter of 2015. The bidding services enable merchants to market their services to broader and more precise consumer populations. We generate much higher revenues than we otherwise could with the same amount of listing space by attracting more customers and monetize the traffic to their market value. On 58's classifieds platform, an increasingly larger percentage of subscription-based payment merchant members have been purchasing bidding services. The newly consolidated Ganji and Anjuke platforms have only a low percentage of their paying customers purchasing bidding services due to the lack of experience in this area. We are working to transfer the knowledge and systems to the Ganji and Anjuke platforms.

Merchants can also purchase our priority listing services, which place their listings below real-time bidding listings and above paying merchant members' listings. Merchants can purchase listing placements of varying durations from several hours to several days to several weeks.

We provide display advertisement for real estate developers on our Anjuke platform. The customers use these services to enhance their brand recognition and attract consumer attention to the primary real estate projects that are on the market. They can be text- or graphic-based displays for varying time periods ranging from several days to several months.

We collaborate with third-party internet companies by placing the marketing links of their marketing customers on the relevant listing pages on our online platforms. We generate revenues based on the number of clicks or cost-per-thousand impressions at pre-determined prices.

In most cases customers are required to make payment in advance before purchasing our online marketing services, in the form of purchasing virtual online currencies of our platforms. Paying merchant members can log into our account management webpage or mobile application and purchase various online marketing services through an easy-to-use interface. Our account management system enables paying merchant members to review and optimize the performance of their existing listings and to upload and market new listings.

Our field sales and customer service teams stay in regular contact with our customers and play an essential role in promoting our online marketing services to our paying merchant members. Leveraging our expertise in online marketing services, we help our paying merchant members to select the most suitable services to maximize their marketing effectiveness.

#### ***E-commerce services***

Our e-commerce services are mainly related to Anjuke's primary real estate business. Our e-commerce services for new residential properties take place in the form of selling discount coupons to consumers. We promote developers' properties on the Anjuke platform and facilitate physical property visits and pre-sale customer support. We earn revenue when the discount coupons are used for actual property purchases.

#### **Technology**

We have made significant investments in different technologies to ensure superior user experience and information quality. We have built strong capabilities in real-time search, anti-fraud protection and information quality assurance, large-scale systems and scalable infrastructure, account management and real-time bidding technology, mobile technologies, and big data. We have taken over and integrated systems and technologies in our newly acquired and consolidated internet businesses such as Ganji and Anjuke. As of December 31, 2015, we had a team of 2,744 highly skilled product development personnel and engineers with expertise in a broad range of technical areas.

#### ***Real-time Search***

To accomplish the timely display of information, we have developed a proprietary search engine with high levels of performance, reliability and scalability.

- *High performance levels.* We have implemented an advanced search indexing system through which all new data are stored immediately after they are posted. Our new postings are typically available for search within three seconds after they are posted.
- *Highly reliable.* We have developed a load balancing mechanism in the search engine to ensure that our overall searching system will be unaffected by server failure.
- *Highly scalable.* Our search system is implemented on a distributed and clustered infrastructure which enables the storage and processing of large datasets and facilitates deployment of resources on a larger scale.

#### ***Anti-fraud Protection and Information Quality Assurance***

We have built a framework in which we measure information quality and classify quality issues into different levels such as fraud risk, authenticity, clarity and relevance. Based on the results of the initial information quality measurement, we deploy information screening technologies according to the level of quality issues we identify. To maximize the efficiency of our system, if we identify a listing as involving a higher level of risk, we do not proceed further with the lower level of screening procedures. Our strong anti-fraud capabilities include:

- *Content analysis technology.* Our system screens every listing for fraud risk before a listing can be displayed on our online platforms by using various specific technologies such as watermark identification, information retrieval and machine learning technologies. Our system is designed to sweep the data being transmitted on our platforms on a real-time basis for sensitive keywords, questionable content and unusual levels of activity.
- *User behavior analysis technology.* Equipped with data mining technology to track and analyze a wide range of anonymous user information, our system can detect and flag potential irregularities and initiate the relevant procedures to quickly identify and fix any potential problems.
- *Manual review and feedback adopting system.* We use a manual review process to screen information that is flagged by our system, requiring a more detailed follow-up. We have built a mechanism through which our system can “learn” from the results if a listing is checked and validated to be accurate through our manual review process, by incorporating the manual review results in our system database. Thus we are able to continue to update our system and enhance the system’s screening capability and efficiency.

### ***Large-Scale Systems and Scalable Infrastructure***

We have built a system infrastructure that is easily scalable, supports a massive number of software and systems and has large data storage capacity. Our entire system is built on a distributed, load-balanced computing infrastructure, which is both highly scalable and reliable. The infrastructure can be expanded easily as data storage and user visits increase. We have designed a unified platform, which administrates all systems and servers and can reconfigure or redeploy systems or servers automatically whenever needed. We continue to upgrade our system infrastructure so that it can support the mid- to long-term growth of the platform in a more cost effective and efficient manner.

### ***Account Management System***

We have developed a comprehensive account management system, which serves as a one-stop shop for our paying merchant members. Our account management system allows paying merchant members to conduct various activities, including managing listings, tracking and evaluating the marketing effectiveness of listings, managing business operations, and purchasing our online marketing services, via a user-friendly online interface.

- *Listing management.* Paying merchant members can generate, upload and delete both text- and graphic-based listings via an easy-to-navigate online interface. Our account management system provides search functions with category-specific search criteria to help our paying merchant members to access and utilize our listing database more effectively and efficiently. The system is also equipped with additional analytic tools for listings in different content categories.
- *Tracking and evaluation of marketing effectiveness.* Paying merchant members can log into our account management webpage to review and optimize performance of their listings. The system keeps track of traffic brought to their listings, and provides further detail on traffic by listing or by time period. Our paying merchant members are therefore able to evaluate their marketing effectiveness by analyzing traffic to their listings compared to that of other listings in similar content subcategories and locations.
- *Business operations management.* Paying merchant members can manage part of their business operations using our account management system.
- *Purchasing online marketing services.* We have placed links to purchase our various online marketing services on our account management webpage, as we believe these services can help our customers achieve better marketing performance. Our paying merchant members can also participate in real-time bidding for priority listings through a simple interface that we provide.

### ***Mobile Technologies***

Page views from mobile applications represented 71% of total detail page views in 2015. We use native web development capabilities to ensure our applications can be upgraded rapidly and third-party applications can be integrated onto our mobile platform in a flexible and efficient manner.

In addition, our mobile applications allow us to collect more detailed user behavior data, leverage our data mining capabilities and introduce new user features, such as personalized content, to enhance user experience.

### ***Big Data Platform and Data Intelligence***

We have developed our own big data platform due to the increasing need for large scale and real time data analysis to enhance our operation and user experience.

We have built our big data platform based on existing open source architecture such as hadoop, which we have modified and customized for our business scenario, to create a reliable and high performance system. We have also built real time data analysis capabilities on top of the big data platform.

We have built a recommendation platform that uses machine learning and data intelligence technologies and gives us fast customization capabilities for different business scenarios. We have customized recommendation systems for different business sectors such as housing, cars and used goods.

### **Content Management and Monitoring**

We have dedicated personnel reviewing content on our platforms for compliance with applicable laws and regulations, aided by a program designed to sweep our platforms and the data being transmitted on our system on a real-time basis for sensitive keywords, questionable content and unusual levels of activity. Content that contains certain keywords is automatically filtered by our program and cannot be successfully posted on our online platforms.

Apart from ensuring our content is compliant with applicable laws and regulations, we believe information quality is critical to superior user experience. We utilize proprietary technology such as text- or picture-based content screening analysis technologies together with manual screening to ensure the relevance, accuracy and credibility of the content on our online platforms. Through the combination of manual review and our system's self-learning ability, we have been increasingly able to identify spam and fraudulent listings. Consumers can also post reviews on merchant listings, which provide transparency on merchant credibility. We also encourage consumers to report fraud if they come across suspicious content by making the fraud report process easy.

We encourage merchants to further increase their credibility by going through our merchant certification procedure, which is mandatory for our subscription-based paying merchant members. The increased quality of our merchant network increases the quality of information on our platforms. In addition, we have rolled out a consumer protection program, which contains various measures to help improve information credibility and promote safer online transactions.

We continue to work with other internet companies to share knowledge and practices with respect to information quality management as well as whitelists and blacklists in this area.

Our corporate policy requires a user to enter into a user agreement in the registration process before posting any content on our online platforms. In the user agreement, the user makes certain representations and warranties, including, among other things, that (1) all information submitted for registration purposes and all user-generated content are true, (2) none of the user-generated content infringes on third-party rights or properties, (3) the user-generated content is in compliance with relevant PRC laws and regulations, (4) the user alone is responsible for any losses, injuries, liabilities or expenses arising from or caused by the user-generated content, and (5) the user will not hold us liable for any losses arising from intellectual property right infringement by using our online platforms. However, we may be subject to intellectual property infringement claims or other allegations by third parties for services provided or content displayed on our online platforms. Although we believe that we will have recourse to indemnification from alleged infringing users on the basis of the user agreement, such right to recourse is subject to enforcement mechanisms of the PRC legal system which may not be effective. See "Item 3. Key Information — D. Risk Factors — Risks Related to Our Business — We may be subject to intellectual property infringement claims or other allegations by third parties for services we provide or for information or content displayed on, retrieved from or linked to our website, or distributed to our users, which may materially and adversely affect our business, financial condition and prospects."

## Sales and Customer Service

### *Sales*

Our field sales force provides us with direct access to local merchants and helps us better understand local needs. They help to certify our paying merchant members in person, organize focused workshops or seminars with interested merchants to promote basic concepts of internet marketing, promote our services and develop paying merchant members.

As of December 31, 2015, we established branches in 29 major cities and employed sales teams of 11,934 employees. This includes our teams from Ganji and Anjue in addition to our 58 field sales teams. Our field sales teams have directly contributed to the revenue growth of our subscription-based membership services. They also lay the foundation for our online marketing services growth by selling packages that combine subscription-based packages and virtual currencies which customers can later use to purchase various forms of online marketing services.

The compensation package for our sales teams includes fixed basic salaries and commissions based on the revenues they achieve. We provide regular in-house and external education and training, internally developed customer relationship management, call center and other business intelligence systems to our field sales and sales management teams to help them keep up-to-date on new products and services of our company and increase their efficiency in developing new subscription-based paying merchants.

Currently, to a large extent, we have separate teams selling separate services for our 58, Ganji and Anjue businesses. For 58 we have field sales teams in 27 cities. For Ganji, we have direct field sales teams in 4 cities. For Anjue, we have direct field sales teams in 39 cities. In cities other than those cities where we have direct sales teams, we utilize sales agencies to grow our business. As of December 31, 2015, we had relationships with over 330 sales agencies. We will continue to evaluate our strategies with respect to the use of field sales teams or sales agencies as well as the decision to maintain separate sales or sales agencies to sell different brands or using teams to sell multiple brands.

### *Customer Service*

*General user service.* We have dedicated teams who are committed to address general users' queries within 24 hours through online messages or emails. In addition, we closely monitor user feedback from various other channels, such as popular social network services platforms and promptly elevate issues internally and respond to valuable user feedback we collect.

*Member service.* For our paying merchant members, we have a dedicated customer service center in Tianjin, China, which supports our paying merchant members through our paying merchant members-only toll-free phone number and other online communication channels. Our customer service center was staffed with 1,285 customer service personnel as of December 31, 2015. Our dedicated customer service team is well trained on our membership services functionalities and online marketing services offerings. Using our internally developed customer services systems, our customer service teams analyze data on the performance of the marketing services and help paying merchant members to optimize their online marketing strategies and performance.

*New Member Generation.* In some cases, we utilize our customer service team to develop new paying merchant members through tele-sales activities. In the industries where local merchants are more familiar with online marketing, we find this to be more cost-effective to promote our online marketing services on the phone, as opposed to having in-person demonstrations of our service offerings. We also use our tele-sales teams to cover remote areas where it is not economical to cover through our field sales teams or sales agent network.

As of December 31, 2015, we had approximately 1,285 employees in our customer service teams.

## Marketing and Brand Promotion

We believe that there is still lots of room in China for user growth for our platforms as smart phones continue to proliferate. Other than continuing enhancing user experience, which drives word-of-mouth and repeat usage, it is also critical to continue to promote our brand and attract more users through various forms of online and offline marketing. Our online marketing activities consist of paid marketing through internet navigation sites and various popular search engines in China and display advertisements. It also includes traffic acquisition on mobile browsers, mobile application stores and selected smart phone application pre-installation. Our offline marketing activities include traditional mainstream media such as television, billboard, direct mailing advertisements, public relations activities, as well as sponsored events to increase our visibility and promote our brand. Our branding efforts cover major brands, such as “58,” “Ganji” and “Anjuke.” Although majority of the advertising expenses are incurred to attract consumer users, we also conduct merchant related marketing events, such as seminars and workshops, where we meet with local merchants to share insights in the industries, introduce and promote our various online marketing services to deepen our relationship with the merchant network.

## Intellectual Property

Our success and ability to compete depend, in part, upon our ability to establish and adequately protect our intellectual property rights. In this regard, we rely primarily on a combination of patent, copyright, software registration, trademark, trade secret and unfair competition laws and contractual rights, such as confidentiality and license agreements with our employees, partners and others. We hold 16 patents and have applied for the registration of 111 other patents, which cover a variety of technologies, including those relating to data processing, search, distribution and publishing. As of March 31, 2016, we had registered 166 computer software copyrights and 49 artwork copyrights in China, and had registered 35 domain names that are material to our business, including *www.58.com*, *www.58.com.cn*, *www.anjuke.com* and *www.anjuke.cn*, and 136 trademarks, including 58同城, 58.com and Anjuke, in China, excluding those relating to 58 Home. As of March 31, 2016, Ganji had registered 31 computer software copyrights and 1 artwork copyright in China and had registered 4 domain names that are material, including *www.ganji.com* and *www.ganji.com.cn*, as well as 249 trademarks.

## Competition

Our competitors in the online marketing space include smaller or regional online classifieds websites as well as industry- or content-specific vertical websites, whose information serve the same underlying industries as certain content categories of our online platforms. We may also face competition from major internet companies, who may enter the online classifieds market in China. We compete primarily with our user traffic, effectiveness of services in reaching targeted users, ability to demonstrate marketing results and customer service capabilities. In some cases, we partner with other internet companies to provide better user experiences and achieve win-win collaborations.

## Regulation

This section sets forth a summary of the significant regulations or requirements that affect our business activities in China or our shareholders' rights to receive dividends and other distributions from us.

### Regulations on Value-Added Telecommunication Services

The PRC government extensively regulates the telecommunications industry, including the internet sector. The PRC State Council, the MIIT, the Ministry of Commerce, the State Administration for Industry and Commerce, the State Administration of Press, Publication, Radio, Film and Television (formerly the General Administration of Press and Publication) and other relevant government authorities have promulgated an extensive regulatory scheme governing telecommunications, internet-related services and e-commerce. However, the PRC telecommunications industry and internet-related industry are at an early stage of development. New laws and regulations may be adopted from time to time that will require us to obtain additional licenses and permits in addition to those that we currently have, and will require us to address new issues that arise from time to time. As a result, substantial uncertainties exist regarding the interpretation and implementation of current and any future Chinese laws and regulations applicable to the telecommunications, internet-related services and e-commerce. See “Item 3. Key Information — D. Risk Factors — Risks Related to Doing Business in China — Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.”

## **Licenses for Value-Added Telecommunication Services**

The Catalogue for the Guidance of Foreign Investment Industries, or the Catalogue, as promulgated and amended from time to time by the Ministry of Commerce and the National Development and Reform Commission, is the principal guide to foreign investors' investment activities in China. The most recent version of the Catalogue, which was promulgated in 2015, divides the industries into three categories: encouraged, restricted and prohibited. Industries not listed in the Catalogue are generally open to foreign investment unless specifically restricted by other PRC laws and regulations. A wholly foreign-owned enterprise is generally permitted for encouraged industries, while for restricted industries, such as value-added telecommunications service industry, there are some limitations to the ownership and/or corporate structure of the foreign-invested companies that operate in such industries. Industries in the prohibited category are not open to foreign investors.

The Telecommunications Regulations issued by the PRC State Council in September 2000 are the primary regulations governing telecommunication services. The Telecommunications Regulations set out the general framework for the provision of telecommunication services by PRC companies. Under the Telecommunications Regulations, it is a requirement that telecommunications service providers procure operating licenses prior to their commencement of operations. The Telecommunications Regulations draw a distinction between "basic telecommunications services" and "value-added telecommunications services." Information services such as content service, entertainment and online games services are classified as value-added telecommunications services.

Pursuant to the Administrative Measures for Telecommunications Business Operating Permit promulgated by the MIIT in March 2009, there are two types of telecom operating licenses for operators in China, namely, licenses for basic telecommunications services and licenses for value-added telecommunications services. The operation scope of the license will detail the permitted activities of the enterprise to which it is granted. An approved telecommunication services operator must conduct its business in accordance with the specifications recorded on its value-added telecommunications services operating license.

Pursuant to the Administrative Measures on Internet Information Services, promulgated by the PRC State Council in September 2000, commercial internet information services operators must obtain an ICP License, from the relevant government authorities before engaging in any commercial internet information services operations within China. Beijing 58, our consolidated affiliated entity, obtained an ICP License issued by Beijing Administration of Telecommunication in May 2006, which was renewed in May 2011 and again in April 2016, and will expire in April 2021.

### ***Foreign Investment in Value-Added Telecommunications Services***

Pursuant to the Provisions on Administration of Foreign-Invested Telecommunications Enterprises, promulgated by the State Council in December 2001 and amended subsequently, the ultimate foreign equity ownership in a value-added telecommunications services provider may not exceed 50%, except for e-commerce business, in which foreign investors are allowed to have 100% ownership in accordance with the Guidance Catalog of Industries for Foreign Investment amended in March 2015, and an announcement by the MIIT in June 2015. Moreover, for a foreign investor to acquire any equity interest in a value-added telecommunication business in China, it must satisfy a number of stringent performance and operational experience requirements, including demonstrating good track records and experience in operating value-added telecommunication business overseas. Foreign investors that meet these requirements must obtain approvals from the MIIT and the Ministry of Commerce or its authorized local counterparts, which retain considerable discretion in granting approvals. Pursuant to publicly available information, the PRC government has issued telecommunications business operating licenses to only a limited number of foreign-invested companies, all of which are Sino-foreign joint ventures engaging in the value-added telecommunication business.

The MIIT Circular issued in July 2006, reiterated the regulations on foreign investment in telecommunications businesses, which require foreign investors to set up foreign-invested enterprises and obtain a business operating license for internet content provision to conduct any value-added telecommunications business in China. Pursuant to the circular, a domestic company that holds an ICP license is prohibited from leasing, transferring or selling the license to foreign investors in any form, and from providing any assistance, including providing resources, sites or facilities, to foreign investors that conduct value-added telecommunications business illegally in China. Furthermore, the relevant trademarks and domain names that are used in the value-added telecommunications business must be owned by the local ICP license holder or its shareholders. The MIIT Circular further requires each ICP license holder to have the necessary facilities for its approved business operations and to maintain such facilities in the regions covered by its license. In addition, all value-added telecommunications service providers are required to maintain network and information security in accordance with the standards set forth under relevant PRC regulations.

In light of the aforesaid restrictions, we rely on Beijing 58, our consolidated affiliated entity, to hold and maintain the licenses necessary to provide online marketing services and other value-added telecommunications services in China. For a detailed discussion of our contractual arrangement, please refer to “— C. Organizational Structure.” To comply with these PRC regulations, we operate our website and value-added telecommunications services through Beijing 58. Beijing 58 holds an ICP license and owns all domain names used in our value-added telecommunications businesses. Beijing 58, together with its subsidiaries, is also the owner of all registered trademarks which are used in our value-added telecommunications businesses and is the applicant of all registered trademark applications we are currently making.

### **Regulations on Information Security and Censorship**

The PRC government regulates and restricts internet content in China to protect state security and ensure the legality of the internet content. The National People’s Congress, the PRC national legislative body, enacted a law in December 2000, as subsequently amended, among other things, makes it unlawful to: (1) gain improper entry into a computer or system of strategic importance; (2) disseminate politically disruptive information; (3) leak state secrets; (4) spread false commercial information; or (5) infringe intellectual property rights. Pursuant to the Administrative Measures on Internet Information Services and other applicable laws, internet content providers and internet publishers are prohibited from posting or displaying over the internet content which violates PRC laws and regulations, impairs the national dignity of China, or is reactionary, obscene, superstitious, fraudulent or defamatory. Internet service providers are required to monitor their websites, including electronic bulletin boards. They may not post or disseminate any content that falls within these prohibited categories and must remove any such content from their websites. The PRC government may shut down the websites of ICP license holders that violate any of the above-mentioned content restrictions and revoke their ICP licenses. In addition, the MIIT has published regulations that subject ICP operators to potential liability for content displayed on their websites and the actions of users and others using their systems, including liability for violations of PRC laws and regulations prohibiting the dissemination of content deemed to be socially destabilizing. The Ministry of Public Security has the authority to order any local internet service provider to block any internet website at its sole discretion. From time to time, the Ministry of Public Security has stopped the dissemination over the internet of information which it believes to be socially destabilizing.

The Ministry of Public Security has promulgated measures in December 1997 that prohibit the use of the internet in ways which, among other things, result in a leakage of State secrets or the distribution of socially destabilizing content. Socially destabilizing content includes any content that incites defiance or violations of PRC laws or regulations or subversion of the PRC government or its political system, spreads socially disruptive rumors or involves cult activities, superstition, obscenities, pornography, gambling or violence. Under PRC law, state secrets are defined broadly to include information concerning PRC national defense, state affairs and other matters as determined by the PRC authorities.

In December 2005, the Ministry of Public Security promulgated Provisions on Technological Measures for Internet Security Protection. These measures and the Administrative Measures on Internet Information Services require all ICP operators to keep records of certain information about their users (including user registration information, log-in and log-out time, IP address, content and time of listings by users) for at least 60 days and submit the above information as required by laws and regulations. The ICP operators must regularly update information security and censorship systems for their websites with local public security authorities, and must also report any public dissemination of prohibited content. If an ICP operator violates these measures, the PRC government may revoke its ICP license and shut down its websites. Pursuant to the Decision on Strengthening Network Information Protection issued by the Standing Committee of the PRC National People’s Congress in December 2012, ICP operators must request identity information from users when ICP operators provide information publication services to the users. If ICP operators come across prohibited information, they must immediately cease the transmission of such information, delete the information, keep relevant records, and report to relevant government authorities. In July 2013, the MIIT promulgated the Regulation on Protection of Personal Information of Telecommunication and Internet Users to provide for more detailed rules in this respect.

In addition, the State Secrecy Bureau has issued provisions authorizing the blocking of access to any website it deems to be leaking state secrets or failing to comply with the relevant legislation regarding the protection of state secrets.

The Standing Committee of the National People's Congress promulgated Anti-Terrorism Law on December 27, 2015, which took effect on January 1, 2016. According to the Anti-Terrorism Law, telecommunication service operators or internet service providers must, among others, (i) provide technical support and assistance to the relevant government authorities in preventing and investigating terrorist activities, (ii) implement network security and information monitoring systems and take safety and prevention measures to prevent the dissemination of terrorism information, delete the terrorism information, immediately stop its dissemination, and keep record and report to the relevant government authorities once the terrorism information is discovered, and (iii) examine the identity of customers before providing services. Any violation of the Anti-Terrorism Law may result in severe penalties, including substantial fines.

As Beijing 58 is an ICP operator, it is subject to the laws and regulations relating to information security. To comply with these laws and regulations, it has completed the mandatory security filing procedures with the local public security authorities, regularly update their information security and content-filtering systems with newly issued content restrictions, and maintains records of users' information as required by the relevant laws and regulations. Beijing 58 has also taken measures to delete or remove links to content that to its knowledge contains information violating PRC laws and regulations. The majority of the content posted on our online platforms is first screened by our filtering systems. Content containing prohibited words or images is then manually screened by employees who are dedicated to screening and monitoring content published on our online platforms and removing prohibited content. We believe that with these measures in place, no prohibited content under PRC information security laws and regulations should have been publicly disseminated through our online platforms in the past. However, there is significant amount of content posted on our online platforms by our users on a daily basis. If any prohibited content is publicly disseminated in the future and we become aware of it, we will report it to the relevant government authority. We believe these measures taken by us are generally in compliance with the relevant laws and regulations.

If, despite the precautions, we fail to identify and prevent illegal or inappropriate content from being displayed on or through our online platforms, we may be subject to liability. In addition, these laws and regulations are subject to interpretation by the relevant authorities, and it may not be possible to determine in all cases the types of content that could result in liability. To the extent that PRC regulatory authorities find any content displayed on or through our online platforms objectionable, they may require us to limit or eliminate the dissemination or availability of such content or impose penalties, including the revocation of our operating licenses or the suspension or shutdown of our online operations. In addition, the costs of compliance with these regulations may increase as the volume of content and users on our online platforms increases.

## **Regulations on Internet Privacy**

The PRC Constitution states that PRC law protects the freedom and privacy of communications of citizens and prohibits infringement of these rights. In recent years, PRC government authorities have promulgated laws and regulations on internet use to protect personal information from any unauthorized disclosure. The Decision on Strengthening Network Information Protection and the Regulation on Protection of Personal Information of Telecommunication and Internet Users provide that information that identifies a citizen, the time or location for his use of telecommunication and internet services, or involves privacy of any citizen such as his birth date, ID card number, and address is protected by law and must not be unlawfully collected or provided to others. ICP operators collecting or using personal electronic information of citizens must specify the purposes, manners and scopes of information collection and uses, obtain consent of the relevant citizens, and keep the collected personal information confidential. ICP operators are prohibited from disclosing, tampering with, damaging, selling or illegally providing others with, collected personal information. ICP operators are also prohibited from collection and use of personal information after a user has stopped using the services. ICP operators are required to take technical and other measures to prevent the collected personal information from any unauthorized disclosure, damage or loss as well as conducting a self-examination of their protection of personal information at least once a year. The Administrative Measures on Internet Information Services prohibit an ICP operator from insulting or slandering a third party or infringing upon the lawful rights and interests of a third party. The relevant telecommunications authorities are further authorized to order ICP operators to rectify unauthorized disclosure. ICP operators are subject to legal liability, including warnings, fines, confiscation of illegal gains, revocation of licenses or filings, closing of the relevant websites, administrative punishment, criminal liabilities, or civil liabilities, if they violate relevant provisions on internet privacy. Pursuant to the Ninth Amendment to the Criminal Law issued by the Standing Committee of the National People's Congress in August 2015 and becoming effective in November, 2015, any ICP provider that fails to fulfill its obligations relating to internet information security administration under applicable law and refuses to rectify upon an order will be subject to criminal liability for (i) any dissemination of illegal information on a large scale, (ii) any severe effect due to the leakage of client information, (iii) any serious loss of evidence of criminal activities, or (iv) other severe situations, while any individual or entity that sells or provides personal information to others unlawfully, or steals or otherwise unlawfully obtains any personal information will be subject to criminal liability in severe situations. The PRC government, however, has the power and authority to order ICP operators to turn over personal information if an internet user posts any prohibited content or engages in illegal activities on the internet.

## **Regulations on Internet Mapping Services**

Pursuant to the PRC regulations applicable to internet mapping services issued by the National Administration of Surveying, Mapping and Geo information (formerly known as the State Bureau of Surveying and Mapping), maps transmitted through internet are internet maps. To provide internet mapping services, the provider shall apply for a Surveying and Mapping Qualification Certificate for internet mapping with the competent surveying and mapping bureau. The PRC regulations also provide for certain conditions and requirements for issuing the Surveying and Mapping Qualification Certificate, such as the number of technical personnel and map security verification personnel, security facilities, and approval from relevant provincial or municipal surveying and mapping bureau on security system, qualification management and filing management. Internet maps must be approved by relevant government authority before they can be publicized on internet. Further, the State Bureau of Surveying and Mapping and other seven PRC government authorities jointly issued a notice in 2008, to investigate and punish the illegal and non-compliance activities with respect to the internet mapping services or geography information services. We currently provide location information in our real estate directory by using maps provided by a third-party internet map operator, which may be deemed as one type of internet mapping services. Our consolidated affiliated entity, Beijing 58, obtained a Surveying and Mapping Qualification Certificate for internet map search and location services in May 2012, which was renewed in January 2015 and will expire in December 2019. Shanghai Ruijia, a subsidiary of Beijing 58, is in the process of applying for the Surveying and Mapping Qualification Certificate.

## **Regulations on Employment Agency Services**

In accordance with the Employment Promotion Law promulgated by the Ministry of Human Resources and Social Security and the Regulations on Employment Service and Employment Administration promulgated by the Ministry of Human Resources and Social Security, both with effect from January 1, 2008, an employment agency, which provides intermediary and other services for recruitment by employers and job seeking by employees, must obtain an Employment Agency License from the relevant labor authority and be subject to annual inspection by such authority. An employment agency may engage in collecting and publishing job seeking and recruitment information and providing internet employment information services in accordance with relevant laws and regulations. An employment agency is prohibited from providing services for individuals without legal identity certifications or enterprises without legal licenses. A wholly foreign-owned enterprise (other than owned by Hong Kong and Macau service providers) is prohibited from conducting employment agency business. Our jobs and resumes directory provides an online platform for job seekers and employers to post resumes and job opportunities. Our consolidated affiliated entity, Beijing 58, initially obtained an Employment Agency License in March 2012 and recently had it renewed in April 2016. The renewed Employment Agency License will expire in March 2019.

## **Regulations on E-commerce**

The PRC e-commerce industry is at an early stage of development and there are few PRC laws or regulations specifically regulating e-commerce business. In December 2007, the Standing Committee of Beijing Municipal People's Congress adopted the Beijing Municipal Regulations on Promotion of Informatization, which provide that any individual or enterprise that conducts business operations through the internet must obtain a business license and/or other necessary licenses prior to operation. The operator of an online platform is responsible for checking such individuals' or enterprises' licenses. In July 2008, the Beijing AIC promulgated certain rules for implementing the above-mentioned regulation. Pursuant to these rules, any individual or enterprise failing to obtain a business license may be prohibited from doing business on an e-commerce platforms operating in Beijing, and violation of these rules may lead to penalties on either the individual/enterprise or the operator of the e-commerce platforms. On January 26, 2014, the State Administration for Industry and Commerce adopted the Administrative Measures for Online Trading, or the Online Trading Measures, which became effective on March 15, 2014 and repealed the Interim Measures for the Administration of Online Products Sales and Relevant Services previously issued in May 2010. Pursuant to the Online Trading Measures, enterprises or other operators that engage in online product sales and other services and have been registered with the State Administration for Industry and Commerce or its local branch must make available to the public the information stated in their business licenses or the link to their business licenses online on their websites; individuals that engage in online product sales and other services must submit actual identification information such as name and address to the operator of the e-commerce platforms. The Online Trading Measures, however, allow individuals to engage in online product sales and other services without obtaining a business license. Under the Online Trading Measures, a consumer is entitled to return the products (other than customized products, fresh and perishable goods, audio or visual products, computer software and other digital products downloaded online or unpackaged by consumers, and newspapers and journals that have been delivered) within seven days from the date after receipt of the products without giving any reason. The online sellers must, within seven days upon receipt of the returned products, refund the prices paid by consumers for relevant products. In addition, sellers are prohibited from using contract terms or other means setting out provisions that are unfair or unreasonable to consumers such as those excluding or restricting consumers' rights, reducing or exempting operators' responsibilities, and increasing the consumers' responsibilities, and are prohibited from forcing consumers to enter into transactions by using contract terms and technical means.

Beijing 58 has obtained a business license from a branch of the Beijing AIC with a term from December 2005 to December 2025. Based our verbal consultation with the Beijing AIC, we believe that, except for merchants who conduct transactions on our online platforms, our other users who list information on our platforms and conduct the product sales and other services offline are not subject to the provisions regarding online platforms. As for merchants who conduct transactions on our online platforms, we check their business licenses before allowing them to post listings on our platforms to ensure compliance with license requirements under PRC laws and regulations. However, uncertainties exist in terms of the implementation of these national and Beijing local rules due to the lack of practical guidance. We cannot predict with certainty to what extent these rules will affect our business operations or future strategies.

## **Regulations on Software Products**

The Administrative Measures on Software Products, issued by the MIIT in October 2000 and subsequently amended, provide a registration and filing system with respect to software products made in or imported into China. These software products may be registered with the relevant local authorities in charge of software industry administration. Registered software products may enjoy preferential treatment status granted by relevant software industry regulations. Software products can be registered for five years, and the registration is renewable upon expiration.

In order to further implement the Computer Software Protection Regulations promulgated by the State Council in December 2001, the State Copyright Bureau issued the Computer Software Copyright Registration Procedures in February 2002, which apply to software copyright registration, license contract registration and transfer contract registration. As of March 31, 2016, we had registered 166 computer software copyrights in China, excluding those relating to 58 Home.

## **Regulations on Trademarks**

Trademarks are protected by the PRC Trademark Law adopted in 1982 and subsequently amended as well as the Implementation Regulation of the PRC Trademark Law adopted by the State Council in 2002 and subsequently amended. The Trademark Office under the State Administration for Industry and Commerce handles trademark registrations. Trademarks can be registered for a term of ten years and can be extended for another ten years if requested upon expiry of the first or any renewed ten-year term. The PRC Trademark Law has adopted a “first-to-file” principle with respect to trademark registration. Where a trademark for which a registration application has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same type of or similar commodities or services, the application for such trademark registration may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a “sufficient degree of reputation” through such another party’s use. Trademark license agreements must be filed with the Trademark Office or its regional offices. As of March 31, 2016, we had registered 136 trademarks in China, excluding those relating to 58 Home.

## **Regulations on Patent**

The PRC Patent Law provides for patentable inventions, utility models and designs, which must meet three conditions: novelty, inventiveness and practical applicability. The State Intellectual Property Office is responsible for examining and approving patent applications. A patent is valid for a term of twenty years in the case of an invention and a term of ten years in the case of utility models and designs. As of March 31, 2016, we held 16 patents and had applied for the registration of 111 other patents, all of which are in the process of examination by the State Intellectual Property Office.

## **Tort Liability Law**

In accordance with the Tort Liability Law, internet users and internet service providers bear tortious liabilities in the event they infringe other persons’ rights and interests through the internet. Where an internet user conducts tortious acts through internet services, the infringed person has the right to request the internet service provider to take necessary actions such as deleting contents, screening and delinking. The internet service provider, failing to take necessary actions after being informed, will be subject to joint and several liabilities with the internet user with regard to the additional damages incurred. If an internet service provider knows an internet user is infringing other persons’ rights and interests through its internet service but fails to take necessary action, it shall be jointly and severally liable with the internet user. We have internal policy designed to reduce the likelihood that user content may be used without proper licenses or third-party consents. When we are approached and requested to remove content uploaded by users on the grounds of infringement, we investigate the claims and remove any uploads that appear to infringe the rights of a third party after our reasonable investigation and determination. However, such policy may not be effective in preventing the unauthorized listing of copyrighted materials or materials infringing other rights of third parties. See “Item 3. Key Information — D. Risk Factors — Risks Related to Doing Business in China — We may be held liable to third parties for information or content displayed on, retrieved from or linked to our website, or distributed to website users, which could harm our reputation and business.”

## **Regulations on Foreign Currency Exchange**

Pursuant to the *Foreign Exchange Administration Regulations*, as amended in August 2008, the Renminbi is freely convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions, but not for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside of China, unless SAFE’s prior approval is obtained and prior registration with SAFE is made. In May, 2013 SAFE promulgated SAFE Circular 21 which provides for and simplifies the operational steps and regulations on foreign exchange matters related to direct investment by foreign investors, including foreign exchange registration, account opening and use, receipt and payment of funds, and settlement and sales of foreign exchange. In February 2015, SAFE promulgated the Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment, or the SAFE Notice 13, which became effective on June 1, 2015. Pursuant to SAFE Notice 13, instead of applying for approvals regarding foreign exchange registrations of foreign direct investment and overseas direct investment from SAFE as required under current laws, entities and individuals will be required to apply for such foreign exchange registrations from qualified banks. The qualified banks, under the supervision of SAFE, will directly examine the applications and conduct the registration. We generally follow the regulations and apply to obtain the approval of SAFE and other relevant PRC government authorities. However, we may not be able to obtain these government registrations or approvals on a timely basis, if at all. If we fail to receive such registrations or approvals, our ability to provide loans or capital contributions to our PRC subsidiaries and our consolidated affiliated entities may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

In August 2008, SAFE promulgated a SAFE Circular 142 regulating the conversion, by a foreign-invested enterprise, of foreign currency into Renminbi by restricting how the converted Renminbi may be used. The SAFE Circular 142 requires that the registered capital of a foreign-invested enterprise settled in Renminbi converted from foreign currencies 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 China. In July 2014, SAFE promulgated the SAFE Circular 36 regarding the pilot administration on the settlement of the foreign currency-denominated capital of foreign-invested enterprises in certain designated areas and removed some of the restrictions provided under SAFE Circular 142 in these areas. In March 2015, SAFE promulgated SAFE Circular 19, which came into force replacing both SAFE Circular 142 and SAFE Circular 36 on June 1, 2015. Although SAFE Circular 19 allows for the use of Renminbi converted from the foreign currency-denominated capital for equity investments in the PRC, the restrictions will continue to apply as to foreign-invested enterprises' use of the converted Renminbi for purposes beyond the business scope, for entrusted loans or for inter-company Renminbi loans. In addition, SAFE Circular 19 is still unclear whether a foreign-invested enterprise whose business scope does not include equity investment or similar activities may use Renminbi converted from the foreign currency-denominated capital for equity investments in the PRC. Violations of these circulars and rules will result in severe penalties, such as heavy fines. These circulars may significantly limit our ability to use Renminbi converted from net proceeds of our securities offerings to provide financial support to our consolidated variable interest entities in China through our PRC subsidiaries.

The principal regulations governing distribution of dividends of foreign-invested enterprises include the Foreign-Invested Enterprise Law, as amended in October 2000, and the Implementation Rules of the Foreign-invested Enterprise Law, as amended in April 2001 and in February 2014. Pursuant to these laws and regulations, foreign-invested enterprises in China may pay dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, foreign-invested enterprises in China are required to allocate at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds unless these reserves have reached 50% of the registered capital of the enterprises. In addition, these companies may allocate a portion of their after-tax profits based on PRC accounting standards to employee welfare and bonus funds at their discretion. These reserves are not distributable as cash dividends.

### **Regulations on Offshore Financing**

Pursuant to a SAFE Circular 37 issued by SAFE in July 2014, prior registration with the local SAFE branch is required for PRC residents, including PRC individuals and PRC entities, to establish or control an offshore company for the purposes of overseas investment or financing with legitimate assets or equity interests in an onshore enterprise or offshore assets or interests located in China. The PRC residents are also required to amend the registration or filing with the local SAFE branch any material change in the offshore company, such as any change of basic information (including change of such PRC residents, name and operation term), increase or decreases in investment amount, transfers or exchanges of shares, or merger or divisions. On February 28, 2015, SAFE promulgated the Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment, or SAFE Notice 13, which became effective on June 1, 2015. Pursuant to SAFE Notice 13, instead of applying for approvals regarding foreign exchange registrations of foreign direct investment and overseas direct investment from SAFE as required under current laws, entities and individuals will be required to apply for such foreign exchange registrations, including those required under the SAFE Circular 37, from qualified banks. The qualified banks, under the supervision of SAFE, will directly examine the applications and conduct the registration.

Failure to comply with the registration procedures set forth in the SAFE Circular 37, or making misrepresentation on or failure to disclose controllers of foreign-invested enterprise that is established through round-trip investment, may result in restrictions being imposed on the foreign exchange activities of the relevant onshore company, including the increase of its registered capital, the payment of dividends and other distributions to its offshore parent or affiliate and the capital inflow from the offshore entities, and may also subject relevant PRC residents to penalties under PRC foreign exchange administration regulations. PRC residents who directly or indirectly hold any shares in our company from time to time are required to register with SAFE in connection with their investments in us. We have requested PRC residents holding direct or indirect interest in our company to our knowledge to make the necessary applications, filings and amendments as required under the SAFE Circular 37 and other related rules. To our knowledge, all of our shareholders who are PRC citizens and hold interest in us, have registered with the local SAFE branch as required under the SAFE Circular 37 and are in the process of amending certain applicable registrations with the local SAFE pursuant to the SAFE Circular 37. See “Item 3. Key Information — D. Risk Factors — Risks Related to Doing Business in China — PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiaries’ ability to increase their registered capital or distribute profits to us, limit our ability to inject capital into our PRC subsidiaries, or otherwise expose us to liability and penalties under PRC law. “

### **Regulations on Employee Stock Option Plans**

In February 2012, SAFE promulgated the Stock Option Rules, replacing the previous rules issued by SAFE in March 2007. Under the Stock Option Rules and other relevant rules and regulations, PRC residents who participate in stock incentive plan in an overseas publicly-listed company are required to register with SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. The PRC agents must, on behalf of the PRC residents who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents’ exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in China opened by the PRC agents before distribution to such PRC residents.

We adopted an employee stock option plan in 2010 and a share incentive plan in 2013. Pursuant to these two plans, we may issue options, restricted shares, restricted share units or other type of awards to our qualified employees and directors and consultants on a regular basis. We have advised our employees and directors participating in the employee stock option plan to handle foreign exchange matters in accordance with the Stock Option Rules. However, we cannot assure you that our PRC individual beneficiary owners and the share options holders can successfully register with SAFE in full compliance with the Stock Option Rules. The failure of our PRC individual beneficiary owners and the share options holders to complete their registration pursuant to the Stock Option Rules and other foreign exchange requirements may subject these PRC individuals to fines and legal sanctions, and may also limit our ability to contribute additional capital to our PRC subsidiaries, limit our PRC subsidiaries’ ability to distribute dividends to us or otherwise materially adversely affect our business. See “Item 3. Key Information — D. Risk Factors — Risks Related to Doing Business in China — Failure to comply with PRC regulations regarding the registration requirements for employee share ownership plans or share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions”

In addition, the State Administration for Taxation has issued circulars concerning employee share options, under which our employees working in China who exercise share options will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee share options with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or if we fail to withhold their income taxes as required by relevant laws and regulations, we may face sanctions imposed by the PRC tax authorities or other PRC government authorities.

## PRC Enterprise Income Tax Law and Individual Income Tax Law

Under the Enterprise Income Tax Law, enterprises are classified as resident enterprises and non-resident enterprises. PRC resident enterprises typically pay an enterprise income tax at the rate of 25%. An enterprise established outside of the PRC with its “de facto management bodies” located within China is considered a “resident enterprise,” meaning that it can be treated in a manner similar to a PRC domestic enterprise for enterprise income tax purposes. The implementation rules of the Enterprise Income Tax Law define “de facto management body” as a managing body that in practice exercises “substantial and overall management and control over the production and operations, personnel, accounting, and properties” of the enterprise.

SAT Circular 82, issued by the State Administration of Taxation in April 2009 and amended in January 2014, provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled offshore incorporated enterprise is located in China. Pursuant to SAT Circular 82, a PRC-controlled offshore incorporated enterprise has its “de facto management body” in China only if all of the following conditions are met: (a) the senior management and core management departments in charge of its daily operations function have their presence mainly in China; (b) its financial and human resources decisions are subject to determination or approval by persons or bodies in China; (c) its major assets, accounting books, company seals, and minutes and files of its board and shareholders’ meetings are located or kept in China; and (d) more than half of the enterprise’s directors or senior management with voting rights habitually reside in China. SAT Bulletin 45, which took effect from September 2011, provides more guidance on the implementation of SAT Circular 82 and provides for procedures and administration details of determination on resident status and administration on post-determination matters. Although SAT Circular 82 and SAT Bulletin 45 only apply to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreign individuals, the determining criteria set forth there may reflect the State Administration of Taxation’s general position on how the “de facto management body” test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises or PRC enterprise groups or by PRC or foreign individuals.

Due to the lack of applicable legal precedents, it remains unclear how the PRC tax authorities will determine the PRC tax resident treatment of a foreign company controlled by individuals like us. We do not believe 58.com Inc., China Classified Network Corporation, China Classified Information Corporation Limited or any of our other offshore subsidiaries meet all the criteria provided by the implementation rules, thus we do not believe 58.com Inc., China Classified Network Corporation, China Classified Information Corporation Limited or any of our other offshore subsidiaries is a PRC “resident enterprise.” If the PRC tax authorities determine that 58.com Inc., China Classified Network Corporation, China Classified Information Corporation Limited or any of our other offshore subsidiaries is a “resident enterprise” for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. See “Item 3. Key Information — D. Risk Factors — Risks Related to Doing Business in China — Under the Enterprise Income Tax Law, we may be classified as a PRC “resident enterprise” for PRC enterprise income tax purposes. Such classification would likely result in unfavorable tax consequences to us and our non-PRC shareholders and have a material adverse effect on our results of operations and the value of your investment.”

The Enterprise Income Tax Law and its implementation rules permit certain “high and new technology enterprises strongly supported by the state” 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 and other regulations, to enjoy a reduced 15% enterprise income tax rate subject to certain new qualification criteria. 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. Enterprises recognized as “high and new technology enterprises” will enjoy a reduced 15% enterprise income tax rate after they go through tax reduction application formalities with relevant tax authorities. Beijing 58, our consolidated affiliated entity, renewed its “high and new technology enterprise” certificate in 2015, which will be valid until 2017. Beijing 58 will be eligible for a preferential tax rate of 15% when it has taxable income under the Enterprise Income Tax Law, as long as it maintains “high and new technology enterprise” status. Wanglin, one of our PRC subsidiaries, also renewed its “high and new technology enterprise” status in 2015 and will be eligible for a preferential tax rate of 15% when it has taxable income under the Enterprise Income Tax Law as long as it maintains this status.

In addition, qualified software enterprises are exempt from the enterprise income tax for two years beginning from their first profitable year and are entitled to a 50% tax rate reduction for the subsequent three years. The software enterprise qualification is subject to an annual assessment. Wanglin was determined to be a qualified software enterprise in July 2014 and was granted a two-year exemption followed by a 50% reduction on its taxable income under the Enterprise Income Tax Law for the subsequent three years, effective retroactively from January 1, 2014. Therefore, Wanglin is entitled to an exemption in 2014 and 2015 and a 50% tax rate deduction from 2016 to 2018 as long as it is able to pass the annual assessment for software enterprise qualification for each of the respective years.

### **Regulation on PRC Business Tax and VAT**

Prior to January 1, 2012, pursuant to the Provisional Regulation of China on Business Tax and its implementing rules, any entity or individual rendering services in the territory of PRC was generally subject to a business tax at the rate of 5% on the revenues generated from provision of such services. Our PRC subsidiaries and consolidated affiliated entities were subject to business tax at the rate of 5% for the membership and online marketing services.

Since January 1, 2012, the PRC Ministry of Finance and the State Administration of Taxation have been implementing the VAT Pilot Program, which imposes VAT in lieu of business tax for certain industries in Shanghai, and since September 1, 2012, this Pilot Program has been expanded to other regions. In August 2013, the program was further expanded nationwide. By the end of 2015, the reform had been completed for industries such as certain modern services and telecommunications, and our classifieds and listing platforms had become subject to VAT as a result. In 2016, the Pilot Program will be further expanded to more industries such as financial services and consumer services and 58 Home will become subject to VAT from May 1, 2016.

VAT is applicable at a rate of 6% in lieu of business tax for the membership, online marketing services and e-commerce services rendered by all of our PRC subsidiaries and consolidated affiliated entities. VAT payable on goods sold or taxable services provided by a general VAT taxpayer for a taxable period is the net balance of the output VAT for the period after crediting the input VAT for the period. With the adoption of the Pilot Program, our revenues are subject to VAT payable on goods sold or taxable labor services provided by a general VAT taxpayer for a taxable period. VAT payable is the net balance of the output VAT for the period after deducting the input VAT for the period. Hence, the amount of VAT payable does not result directly from output VAT generated from goods sold or taxable labor services provided. Accordingly, we have adopted the net presentation of VAT.

### **Employment Laws**

In accordance with the PRC National Labor Law, which became effective in January 1995, and the PRC Labor Contract Law, which became effective in January 2008, as amended subsequently, employers must execute written labor contracts with full-time employees in order to establish an employment relationship. All employers must compensate their employees equal to at least the local minimum wage standards. All employers are required to establish a system for labor safety and sanitation, strictly abide by state rules and standards and provide employees with appropriate workplace safety training. In addition, employers in China are obliged to pay contributions to the social insurance plan and the housing fund plan for employees.

We have entered into employment agreements with all of our full-time employees. We have not fully contributed to the social insurance plan and the housing fund plan as required by applicable PRC regulations. As of December 31, 2015, with regards to the outstanding contributions to such plans, we made provisions of approximately RMB67.6 million (US\$10.4 million). While we believe we have made adequate provision of such outstanding amounts of contributions to such plans in our audited financial statements, our failure to make sufficient payments to such plans does not fully comply with applicable PRC laws and regulations and we may be required to make up the contributions for such plans as well as to pay late fees and fines. See “Item 3. Key Information — D. Risk Factors — Risks Related to Doing Business in China — Our failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties.”

## Regulations on PRC Foreign Investment

The Ministry of Commerce, published a discussion draft of the proposed Foreign Investment Law in January 2015 aiming to, upon its enactment, replace the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The draft Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. The Ministry of Commerce is currently soliciting comments on this draft and substantial uncertainties exist with respect to its enactment timetable, interpretation and implementation. The draft Foreign Investment Law, if enacted as proposed, may materially impact the viability of our current corporate structure, corporate governance and business operations in many aspects.

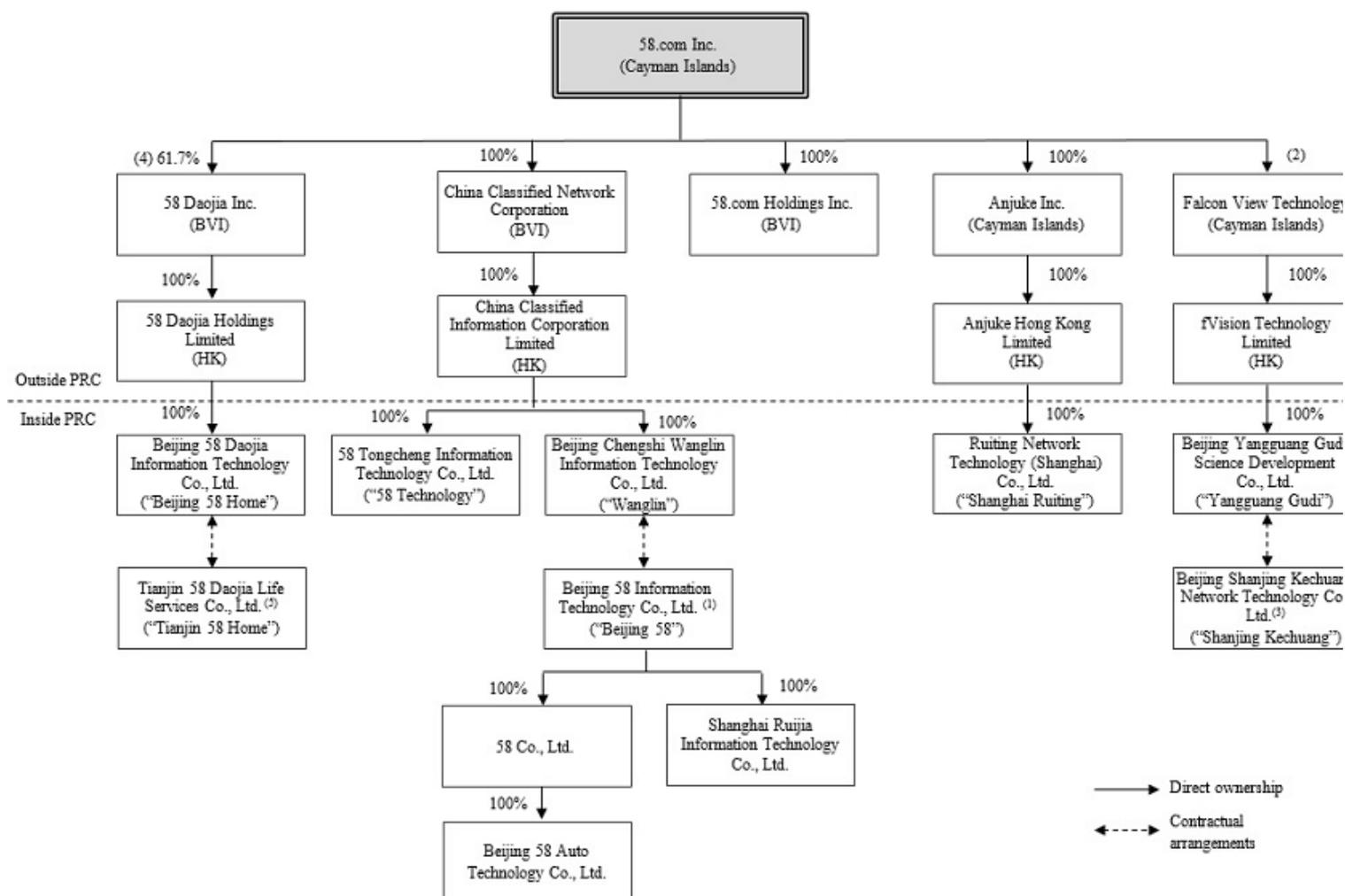
Among other things, the draft Foreign Investment Law expands the definition of foreign investment and introduces the principle of “actual control” in determining whether a company should be treated as a foreign-invested enterprise, or an FIE. According to the definition set forth in the draft Foreign Investment Law, FIEs shall refer to enterprises established in China pursuant to PRC laws that are solely or partially invested by foreign investors. The draft Foreign Investment Law specifically provides that entities established in China (without direct foreign share ownership) but “controlled” by foreign investors, via contracts or trust, for example, will be treated as FIEs. Once an entity falls within the definition of FIE, it may be subject to foreign investment restrictions or prohibitions set forth in a “negative list” to be separately issued by the State Council later. If the underlying business of an FIE is subject to foreign investment restrictions, it needs to go through a market entry clearance process carried out by the Ministry of Commerce before the FIE can be established. If the underlying business of the FIE is subject to foreign investment prohibitions, it may not enter such business in China. However, an FIE, during the market entry clearance process, may apply in writing to be treated as a PRC domestic enterprise if its foreign investor(s) is/are “controlled” by PRC government authorities and its affiliates and/or PRC citizens. In this connection, “control” is broadly defined in the draft law to cover the following summarized categories: (i) holding 50% or more of the voting rights of the subject entity; (ii) holding less than 50% of the voting rights of the subject entity but having the power to secure at least 50% of the seats on the board or other equivalent decision making bodies, or having the voting power to exert material influence on the board, the shareholders’ meeting or other equivalent decision making bodies; or (iii) having the power to exert decisive influence, via contractual or trust arrangements, over the subject entity’s operations, financial matters or other key aspects of business operations.

The draft also emphasizes the security review requirements, whereby all foreign investments concerning national security must be reviewed and approved in accordance with the security review procedure. In addition, the draft imposes stringent ad hoc and periodic information reporting requirements on foreign investors and applicable FIEs. In addition to investment implementation reports and investment amendment reports, which are required for each investment and alteration of investment specifics, an annual report is mandatory, and large foreign investors meeting certain criteria are required to report on a quarterly basis. Any company found to be non-compliant with these information reporting obligations may potentially be subject to fines and/or administrative or criminal liabilities, and the persons directly responsible may be subject to criminal liabilities.

The draft is now open for public review and comments. It is still uncertain when the draft would be signed into law and whether the final version would have any substantial changes from the draft. When the Foreign Investment Law becomes effective, the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations, will be abolished.

### C. Organizational Structure

The following diagram illustrates our corporate structure, including our principal subsidiaries and consolidated affiliated entities as of the date of this annual report:



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Notes:

- \* We have omitted from this diagram other consolidated entities of 58.com Inc. that, in the aggregate, would not constitute a significant subsidiary as defined in Rule 1-02(w) of Regulation S-X as of December 31, 2015.
- (1) Jinbo Yao, Lianqing Zhang, Jianbo Su and Beijing Wanglinton Information Technology Co., Ltd. hold 37.8%, 39.8%, 9.0% and 13.4% equity interests in Beijing 58, respectively. Among the shareholders of Beijing 58, Jinbo Yao and Jianbo Su are shareholders of our company. Lianqing Zhang is not affiliated to us. Jinbo Yao is the sole director and holds a 16.7% equity interest in Beijing Wanglinton which is jointly owned by Jinbo Yao, Xiaohua Chen, holding 15.92% equity interest, Jiandong Zhuang, holding 15.8% equity interest, and five other individuals who are employees or ex-employees of our company. Beijing Wanglinton, a PRC domestic company, does not have any business operations or assets other than its equity interest in Beijing 58. The registered business scope of Beijing Wanglinton includes technology promotional services, software development and computer technology training.
  - (2) Falcon View Technology, or Ganji, is the holding company of the PRC entities operating *Ganji.com*, a major online local services platform in China. In April 2015, we acquired a less than 50% equity stake in Ganji. Later in 2015, our company, as a limited partner, contributed newly issued Class A ordinary shares and cash to several private equity funds that are dedicated to investing in businesses in China. These funds are managed by investment entities unaffiliated with each other and unaffiliated with us. These funds, together with Tencent, acquired all the remaining equity interest in Ganji in August 2015. Since August 2015, we have consolidated the financial results of Ganji in our consolidated financial statements. See “Item 4. Information on the Company — A. History and Development of the Company.”
  - (3) 58 Co., Ltd., Mark Haoyong Yang, one Ganji employee and one 58 employee hold 49.00%, 0.31%, 30.69% and 20.00% equity interest in Shanjing Kechuang, respectively. Mark Haoyong Yang is our former co-chairman of board of directors and former co-chief executive officer, and he currently serves as chairman and chief executive officer of Guazi.
  - (4) 58 Daojia Inc., or 58 Home, is the holding company of the PRC entities that operate 58 Home business. On November 27, 2015, 58 Home completed a Series A equity funding round, with participation from Alibaba Group Holding Limited, global investment firm KKR, and Ping An Group. Following the closing of the Series A financing of 58 Home, 58.com Inc. holds 87.9% of the total outstanding ordinary shares of 58 Home and 61.7% of the total outstanding shares of 58 Home on an as-converted basis. As certain rights provided to the non-controlling Series A preferred shareholders of 58 Home would be viewed as substantive participating rights under U.S. GAAP, we have ceased consolidating the financial results of 58 Home in our consolidated financial statements in accordance with U.S. GAAP since November 27, 2015.
  - (5) 58 Co., Ltd., Jinbo Yao, Xiaohua Chen and one of our employees hold 91.8%, 1.4%, 4.5% and 2.3% equity interest in Tianjin 58 Home, respectively. Jinbo Yao is our chairman and chief executive officer, and Xiaohua Chen is our chief strategic officer and the chief executive officer of 58 Home.

### Our Contractual Arrangements

Prior to 2012, we conducted substantially all of our business operations through Beijing 58. Since 2012, we have started to conduct our business operations that are not subject to PRC legal restrictions on foreign ownership through our wholly owned subsidiaries, Wanglin and 58 Technology, to address risks related to the contractual arrangements discussed above and under “Item 3. Key Information — D. Risk Factors — Risks Related to Our Corporate Structure and Restrictions on Our Industry.” Currently, we primarily use Wanglin and 58 Technology, rather than Beijing 58, to provide services to our customers, and we have transferred a significant portion of our personnel, including substantially all of our administrative and product development personnel, from Beijing 58 to Wanglin and 58 Technology. As of December 31, 2015, a majority of our assets were held by Wanglin, 58 Technology and Ruiting Network Technology (Shanghai) Co., Ltd., or Shanghai Ruiting. Wanglin, 58 Technology and Shanghai Ruiting collectively generated a majority of our revenues in 2015 and we currently expect that they will continue to generate a majority of our revenues going forward. We further expect Beijing 58’s business to be limited primarily to services that are legally required to be conducted through a PRC domestic entity.

We acquired a less than 50% equity stake in Ganji in April 2015, and have consolidated the financial results of Ganji in our consolidated financial statements since August 2015. Ganji operates online multi-content category classified advertising platforms in China through its PRC subsidiaries and consolidated affiliated entities, including Shanjing Kechuang.

In August 2015, Tianjin 58 Home, which had previously been an indirect subsidiary of Beijing 58, became 58 Home’s consolidated affiliated entity.

In the opinion of our PRC counsel, Han Kun Law Offices, the contractual arrangements described below are valid, binding and enforceable under current PRC laws. However, these contractual arrangements may not be as effective in providing control as direct ownership. There are substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations. For a description of the risks related to our corporate structure, please see “Item 3. Key Information — D. Risk Factors — Risks Related to Our Corporate Structure and Restrictions on Our Industry.”

## Contractual Arrangements with Beijing 58

We have entered into contractual arrangements with Beijing 58 and its shareholders described below, which we refer to as the Beijing 58 Agreements. Through the Beijing 58 Agreements, we exercise control over the operations of Beijing 58 and receive substantially all its economic benefits and residual returns. Through the amended and restated exclusive business cooperation agreement between Beijing 58 and Wanglin, Wanglin agrees to provide certain technical and business support and related consulting services to Beijing 58 in exchange for service fees. In addition, pursuant to the amended and restated exclusive option agreement, Beijing 58 is prohibited from declaring and paying any dividends without Wanglin's prior consent and Wanglin enjoys an irrevocable and exclusive option to purchase Beijing 58 shareholders' equity interests, to the extent permitted by applicable PRC laws, at a nominal price from Beijing Wanglinton Information Technology Co., Ltd., or Beijing Wanglinton, which is one of the shareholders of Beijing 58, or at a specified price equal to the loan provided by Wanglin to the individual shareholders. If the lowest price permitted under PRC law is higher than the above price, the lowest price permitted under PRC law shall apply. Through the arrangements, we can obtain all of Beijing 58's income and all of its residual interests, such as undistributed earnings, either through dividend distribution or purchase of Beijing 58's equity interests from its existing shareholders. As a result of the contractual arrangements, we consolidate Beijing 58's financial results in our consolidated financial statements in accordance with U.S. GAAP.

**Exclusive Business Cooperation Agreement.** Under the exclusive business cooperation agreement between Beijing 58 and Wanglin, as amended and restated, Wanglin has the exclusive right to provide, among other things, technical support and business support and related consulting services to Beijing 58 and Beijing 58 agrees to accept all the consultation and services provided by Wanglin. Without Wanglin's prior written consent, Beijing 58 is prohibited from engaging any third party to provide any of the services under this agreement. In addition, Wanglin exclusively owns all intellectual property rights arising out of or created during the performance of this agreement. Beijing 58 agrees to pay a quarterly service fee to Wanglin at an amount determined solely by Wanglin after taking into account factors including the complexity and difficulty of the services provided, the time consumed, the seniority of the Wanglin employees providing services to Beijing 58, the value of services provided, the market price of comparable services and the operating conditions of Beijing 58. This agreement will remain effective unless Wanglin terminates the agreement in writing or a competent governmental authority rejects the renewal applications by either Beijing 58 or Wanglin to renew its respective business license upon expiration. Beijing 58 is not permitted to terminate this agreement in any event unless required by applicable laws. In 2015, Wanglin provided technical support services to Beijing 58 and its subsidiaries and collected service fee payments of approximately US\$0.4 million.

**Powers of Attorney.** Pursuant to the powers of attorney, the shareholders of Beijing 58 each irrevocably appointed Wanglin as the attorney-in-fact to act on their behalf on all matters pertaining to Beijing 58 and to exercise all of their rights as a shareholder of Beijing 58, including but not limited to attend shareholders' meetings, vote on their behalf on all matters of Beijing 58 requiring shareholders' approval under PRC laws and regulations and the articles of association of Beijing 58, designate and appoint directors and senior management members. Wanglin may authorize or assign its rights under this appointment to any other person or entity at its sole discretion without prior notice to the shareholders of Beijing 58. Each power of attorney will remain in force until the shareholder ceases to hold any equity interest in Beijing 58.

**Equity Interest Pledge Agreements.** Under the equity interest pledge agreements between Wanglin, Beijing 58 and the shareholders of Beijing 58, as amended and restated, the shareholders pledged all of their equity interests in Beijing 58 to Wanglin to guarantee Beijing 58's and Beijing 58's shareholders' performance of their obligations under the contractual arrangements including, but not limited to, the payments due to Wanglin for services provided. If Beijing 58 or any of Beijing 58's shareholders breaches its contractual obligations under the contractual arrangements, Wanglin, as the pledgee, will be entitled to certain rights and entitlements, including receiving proceeds from the auction or sale of whole or part of the pledged equity interests of Beijing 58 in accordance with legal procedures. Wanglin has the right to receive dividends generated by the pledged equity interests during the term of the pledge. If any event of default as provided in the contractual arrangements occurs, Wanglin, as the pledgee, will be entitled to dispose of the pledged equity interests in accordance with PRC laws and regulations. The pledge will become effective on the date when the pledge of equity interests contemplated in these agreements are registered with the relevant local administration for industry and commerce and will remain binding until Beijing 58 and its shareholders discharges all their obligations under the contractual arrangements. We registered these equity interest pledge agreements with Chaoyang Branch of Beijing Administration for Industry and Commerce in July 2013.

**Exclusive Option Agreements.** Under the exclusive option agreements between Wanglin, as amended and restated, each of the shareholders of Beijing 58 and Beijing 58, each of the shareholders irrevocably granted Wanglin or its designated representative(s) an exclusive option to purchase, to the extent permitted under PRC law, all or part of his, her or its equity interests in Beijing 58. In addition, Wanglin has the option to acquire all the equity interests of Beijing 58 for either a nominal price from Beijing Wanglinton or a specified price equal to the loan provided by Wanglin to the individual shareholders. If the lowest price permitted under PRC law is higher than the above price, the lowest price permitted under PRC law shall apply. Wanglin or its designated representative(s) have sole discretion as to when to exercise such options, either in part or in full. Without Wanglin's prior written consent, Beijing 58's shareholders shall not transfer, donate, pledge, or otherwise dispose any equity interests in Beijing 58. These agreements will remain effective until all equity interests held in Beijing 58 by the Beijing 58's shareholders are transferred or assigned to Wanglin or Wanglin's designated representatives. At the moment, we cannot exercise the exclusive option to purchase the current shareholders' equity interests in Beijing 58 due to the PRC regulatory restrictions on foreign ownership in the value-added telecommunications services. We intend to exercise such option once China opens up these industries to foreign investment.

**Loan Agreements.** Pursuant to the loan agreements between Wanglin and each individual shareholder of Beijing 58, Wanglin provided interest-free loans with an aggregate amount of approximately RMB7.8 million (US\$1.2 million) to the individual shareholders of Wanglin for the sole purpose of funding the capital increase of Beijing 58. The loans can be repaid by transferring the individual shareholders' equity interest in Beijing 58 to Wanglin or its designated person pursuant to Exclusive Option Agreements. The term of each loan agreement is ten years from the date of the agreement expiring on December 1, 2021 and can be extended with the written consent of both parties before expiration.

### **Contractual Arrangements with Shanjing Kechuang**

Ganji, through its PRC subsidiary, Beijing Yangguang Gudi Science Development Co., Ltd., or Yangguang Gudi, has entered into contractual arrangements with Shanjing Kechuang and its shareholders described below, which we refer to as the Shanjing Kechuang Agreements. Through the Shanjing Kechuang Agreements, Ganji exercises control over the operations of Shanjing Kechuang and receives substantially all its economic benefits and residual returns. Through the exclusive business cooperation agreement between Yangguang Gudi and Shanjing Kechuang, Yangguang Gudi agrees to provide certain technical and business support and related consulting services to Shanjing Kechuang in exchange for service fees. In addition, pursuant to the exclusive option agreements, Shanjing Kechuang is prohibited from declaring and paying any dividends without Yangguang Gudi's prior consent and Yangguang Gudi enjoys an irrevocable and exclusive option to purchase Shanjing Kechuang shareholders' equity interests, to the extent permitted by applicable PRC laws, at a specified price equal to the loan amount provided by Yangguang Gudi to the shareholders. If the lowest price permitted under PRC law is higher than the above price, the lowest price permitted under PRC law shall apply. Through these arrangements, Ganji can obtain all of the income and the residual interests of Shanjing Kechuang, such as undistributed earnings, either through dividend distributions or purchase of equity interests of Shanjing Kechuang from its existing shareholders. As a result of the contractual arrangements, we, through Ganji, consolidate the financial results of Shanjing Kechuang in our consolidated financial statements in accordance with U.S. GAAP.

**Exclusive Business Cooperation Agreement.** The terms and arrangements of the exclusive business cooperation agreement between Yangguang Gudi and Shanjing Kechuang are substantially similar to those under the Beijing 58 Agreements. In 2015, Yangguang Gudi provided technical support services to Shanjing Kechuang amounting to US\$2.0 million with no service fees collected.

**Powers of Attorney.** Each shareholder of Shanjing Kechuang has executed a power of attorney to irrevocably appoint Yangguang Gudi as the attorney-in-fact to act on the shareholder's behalf. The terms of the powers of attorney are substantially similar to those under the Beijing 58 Agreements.

**Equity Interest Pledge Agreements.** Yangguang Gudi, Shanjing Kechuang and each of the shareholders of Shanjing Kechuang have entered into equity interest pledge agreements with terms and arrangements that are substantially similar to those under the Beijing 58 Agreements. We registered these equity interest pledge agreements with Shunyi Branch of Beijing Administration for Industry and Commerce Bureau on March 18, 2016 for the three individual shareholders and April 1, 2016 for 58 Co., Ltd.

**Exclusive Option Agreements.** Yangguang Gudi, Shanjing Kechuang and each of the shareholders of Shanjing Kechuang have entered into exclusive option agreements with terms and arrangements that are substantially similar to those under the Beijing 58 Agreements. At the moment, Ganji cannot exercise the exclusive options to purchase the current shareholders' equity interests in Shanjing Kechuang due to the PRC regulatory restrictions on foreign ownership in the value-added telecommunications services. Ganji may exercise the options if China opens up these industries to foreign investment.

**Loan Agreements.** Yangguang Gudi and each shareholder of Shanjing Kechuang have entered into loan agreements with an aggregate amount of interest-free loans of approximately RMB38.7 million (US\$6.0 million). The terms of the loan agreements are substantially similar to those under the Beijing 58 Agreements and each loan agreement expires on August 6, 2025 and can be extended with the written consent of both parties before expiration.

#### **58 Home's Contractual Arrangements with Tianjin 58 Home**

58 Home has through Beijing 58 Home entered into contractual arrangements with Tianjin 58 Home and its shareholders described below, which we refer to as the Tianjin 58 Home Agreements. Through the Tianjin 58 Home Agreements, Beijing 58 Home exercises control over the operations of Tianjin 58 Home and receives substantially all its economic benefits and residual returns. Through the exclusive business cooperation agreement between Beijing 58 Home and Tianjin 58 Home, Beijing 58 Home agrees to provide certain technical and business support and related consulting services to Tianjin 58 Home in exchange for service fees. In addition, pursuant to the exclusive option agreements, Tianjin 58 Home is prohibited from declaring and paying any dividends without Beijing 58 Home's prior consent and Beijing 58 Home enjoys an irrevocable and exclusive option to purchase Tianjin 58 Home shareholders' equity interests, to the extent permitted by applicable PRC laws, at a specified price equal to the loan amount provided by Beijing 58 Home to the shareholders. If the lowest price permitted under PRC law is higher than the above price, the lowest price permitted under PRC law shall apply. Through these arrangements, 58 Home can obtain all of the income and the residual interests of Tianjin 58 Home, such as undistributed earnings, either through dividend distributions or purchase of equity interests of Tianjin 58 Home from its existing shareholders. As a result of the contractual arrangements, 58 Home consolidates the financial results of Tianjin 58 Home in accordance with U.S. GAAP.

**Exclusive Business Cooperation Agreement.** The terms and arrangements of the exclusive business cooperation agreement between Tianjin 58 Home and Beijing 58 Home under the Tianjin 58 Home Agreements are substantially similar to those under the Beijing 58 Agreements, except that Tianjin 58 Home agrees to pay a monthly service fee to Beijing 58 Home in an amount determined by both parties after taking into account factors similar to those provided under the Beijing 58 Agreements. Beijing 58 Home did not collect any service fee payments from Tianjin 58 Home in 2015.

**Powers of Attorney.** Each shareholder of Tianjin 58 Home has executed a power of attorney to irrevocably appoint Beijing 58 Home as the attorney-in-fact to act on the shareholder's behalf. The terms of the powers of attorney are substantially similar to those under the Beijing 58 Agreements.

**Equity Interest Pledge Agreements.** Beijing 58 Home, Tianjin 58 Home and each of the shareholders of Tianjin 58 Home have entered into equity interest pledge agreements with terms and arrangements that are substantially similar to those under the Beijing 58 Agreements. We registered these equity interest pledge agreements with the Tianjin Binhai New Area Market and Quality Supervision and Administration Bureau on September 8, 2015.

**Exclusive Option Agreements.** Beijing 58 Home, Tianjin 58 Home and each of the shareholders of Tianjin 58 Home have entered into exclusive option agreements with terms and arrangements that are substantially similar to those under the Beijing 58 Agreements, except that the purchase price to be paid by Beijing 58 Home to each shareholder by exercising its option to purchase all the equity interests held by the shareholder in Tianjin 58 Home equal to the loan amount provided by Beijing 58 Home to the shareholder. At the moment, 58 Home cannot exercise the exclusive options to purchase the current shareholders' equity interests in Tianjin 58 Home due to the PRC regulatory restrictions on foreign ownership in the value-added telecommunications services. 58 Home may exercise the options if China opens up these industries to foreign investment.

**Loan Agreements.** Beijing 58 Home and each shareholder of Tianjin 58 Home have entered into loan agreements with an aggregate amount of interest-free loans of approximately RMB100 million (US\$15.4 million). The terms of the loan agreements are substantially similar to those under the Beijing 58 Agreements and each loan agreement expires on August 5, 2025 and can be extended with the written consent of both parties before expiration.

#### **D. Property, Plants and Equipment**

Our principal headquarter offices are located on 44,915 square meters of our purchased office space at Building 105, 10 Jiuxianqiao North Road Jia, Chaoyang District, Beijing, China. In September 2014, we entered into an agreement with Beijing Electronics Zone Investment and Development Co., Ltd. to purchase 44,915 square meters of office space in Chaoyang District, Beijing, for RMB1,033.0 million (US\$159.5 million), to accommodate our business expansion and increase in headcount. The first building, which accounts for approximately 37% of the total new office space, was ready for occupancy in October 2015, and our corporate headquarters were relocated to this building at that time. The remaining new office space is expected to be ready for occupancy in July 2016.

We also lease an additional 31,173 square meters office spaces in other locations in Beijing, China, excluding the office spaces for 58 Home. We maintain leased offices in 35 additional cities in China totaling 102,480 square meters, excluding those for 58 Home. We lease our premises from unrelated third parties under non-cancelable operating lease agreements. The leases typically have terms of one to eight years, some of which are due to expire during 2016 or 2017.

Our servers are primarily hosted at internet data centers owned by major domestic internet data center providers. The hosting services agreements typically have one-year terms and are renewed automatically upon expiration. We believe that we will be able to obtain adequate facilities, principally through leasing, to accommodate our future expansion plans.

#### **ITEM 4A. UNRESOLVED STAFF COMMENTS**

None.

#### **ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this annual report on Form 20-F. This discussion and analysis may contain forward-*

*looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under “Item 3. Key Information — D. Risk Factors” or in other parts of this annual report on Form 20-F.*

## A. Operating Results

### Overview

Our business is comprised principally of our online classifieds and listing platforms. Our online classifieds and listings platforms enable local merchants and consumers to connect, share information and conduct business in China. These platforms include 58, Ganji and Anjuke. 58 and Ganji are online multi-content category-classified advertising platforms, while Anjuke is an online real estate listing platform. We have consolidated Anjuke since March 2015 and Ganji since August 2015. Guazi, a subsidiary that operated our consumer-to-consumer (C2C) used car trading platform, was de-consolidated on December 31, 2015.

Our revenues are mainly generated from subscription based merchant memberships and online marketing services on our online classifieds and listing platforms. The number of our average quarterly paying membership accounts increased from approximately 323,000 in 2013 to approximately 529,000 in 2014 and further to approximately 827,000 in 2015. We continue to make progress in upselling additional online marketing services, such as real time bidding services, to our merchant members.

The significant increase in our operating expenses in 2015 was driven by both organic increases on our 58 platform as well as consolidation of Ganji's and Anjuke's financials. Following the integration of 58 and Ganji, we anticipate less rapid growth in operating expenses and improvements in the operating efficiency of our sales, customer services and research and development teams. We expect to continue to increase our investment in research and development for innovations and enhancement of our user experience and we will continue to make the necessary investment for the long term value of our company.

Our revenues increased from US\$145.7 million in 2013 to US\$265.0 million in 2014 and further to US\$714.8 million in 2015. The increase was driven by the addition of revenues from Ganji and Anjuke as well as the organic growth of the 58.com platform. We had net income of US\$19.6 million in 2013 and US\$22.6 million in 2014 and we incurred net loss of US\$263.0 million in 2015.

In addition, 58 Home, our unconsolidated subsidiary, operates a mobile-based closed-loop transactional platform for home services, which directly connects consumers and individual service providers for local services such as home cleaning, moving services and manicure services provided at home. We have ceased consolidating 58 Home since the closing of 58 Home's series A financing on November 27, 2015. 58 Home, which is in the early stages of building the scale of its platform, generates minimal commission revenues from the services provided through the service providers on 58 Home.

### How We Generate Revenues

While many of our users browse and post information on our online platforms for free, we generate revenues from the following services:

#### *Membership*

A subscription-based membership is a basic service package consisting mainly of merchant certification, display of an online storefront on our platforms, preferential listing benefits such as daily priority listings and higher quota for daily listings, and access to our dedicated customer service support team and online account management system. Merchants who subscribe to a membership with us can enjoy more services and achieve more effective marketing than non-paying merchants on our platforms. 58, Ganji and Anjuke offer subscription-based merchant membership packages that include similar types of services although the specific details of the services, such as the quotas for daily listings and downloadable resumes, may vary from platform to platform.

We offer memberships of varying lengths across different content categories. Memberships in the yellow pages and jobs categories are primarily 12-month packages. In China, due to relatively high employee turnover among migrant workers, many businesses have ongoing hiring needs. Memberships in the real estate category are primarily one- to three-month packages due to the higher turnover of real estate agents. We acquire the majority of our paying merchant members through our field sales teams. In cities where we do not have field sales teams on the ground, we work with sales agency companies to help to grow our paying merchant network locally. Our centralized and dedicated tele-customer service team supports our paying merchant members during their membership to enhance the effectiveness of the member's marketing efforts and improve the likelihood of membership renewal. A majority of our paying merchant members are small and medium-sized local merchants. We believe that our field sales, sales agency network and customer service teams have been effective in increasing the number of our paying merchant members, retaining high-quality existing paying merchant members and increasing spending by our existing paying merchant members, all of which are important to the growth of our revenues. See "Item 4. Information on the Company — B. Business Overview — Service offerings — Memberships" for details of the number of subscription based paying membership accounts.

Most paying merchant members pay their membership fees in advance. These advance payments are made to our field sales teams or sales agency companies or through our membership subscription webpage and are recorded as customer advances and deposits. Once a member completes the purchase of a membership, we deduct that amount from the customer advances and deposits account and record it as deferred revenues. The amounts of revenues are recognized ratably over the contract period for the membership services.

### *Online Marketing Services*

Our online marketing services primarily include listing services, such as real-time bidding and priority listing, display advertising and marketing services through collaboration with third-party internet companies in China. All of our 58.com, Ganji and Anjuke platforms offer some sort of online marketing services. Online marketing services of 58 and Ganji are mainly listing services that customers purchase to enhance the exposure of their listings. Anjuke's marketing services relate to primary real estate properties. On average, approximately 45.1% of our quarterly paying membership accounts purchased our online marketing services in 2015.

Merchants can use our real-time bidding services to bid for the most prominent placement of their listings in specific categories and locations on a cost per click basis, also known as CPC. We have developed a user-friendly bidding system, through which merchants can generate text- and graphic-based descriptions for their listings and bid on placements of their listings. We set minimum bidding prices which are based on metrics such as traffic and number of clicks generated by precedent placements. We generate much higher revenues than we otherwise could with the same amount of listing space by attracting more customers and monetize the traffic to their market value. On 58's classifieds platform, an increasingly larger percentage of subscription-based paying merchant members have been purchasing bidding services. The newly consolidated Ganji and Anjuke platforms have lower percentage of their paying customers purchasing bidding services due to the lack of experience in this area. We are working to transfer the knowledge and systems to the Ganji and Anjuke platforms.

Merchants can also purchase our priority listing services, which place their listings below real-time bidding listings and above paying merchant members' listings. Merchants can purchase listing placements of varying duration from several hours to several days to several weeks.

We provide display advertisement for real estate developers on our Anjuke platform. The customers use these services to enhance their brand recognition and attract consumer attention to the primary real estate projects that are on the market or open positions that employers offer. They can be text- or graphic-based displays for varying time periods ranging from several days to several months.

We collaborate with third-party internet companies by placing the marketing links of their marketing customers on the relevant listing pages on our online platforms. We generate revenues based on the number of clicks or cost-per-thousand impressions at pre-determined prices.

In most cases customers are required to make payment in advance before purchasing our online marketing services, in the form of purchasing virtual online currencies of our platforms. Paying merchant members can log into our account management webpage or mobile application and purchase various online marketing services through an easy-to-use interface. Our account management system enables paying merchant members to review and optimize the performance of their existing listings and to upload and market new listings.

Our field sales and customer service teams stay in regular contact with our customers and play an essential role in promoting our online marketing services to our paying merchant members. Leveraging our expertise in online marketing services, we help our paying merchant members to select the most suitable services to maximize their marketing effectiveness.

### *E-Commerce Services*

We enter into promotional service agreements with real estate developers pursuant to which we are authorized to sell discount coupons with face value ranging from RMB2,000 (US\$309) to RMB100,000 (US\$15,437) to prospective home buyers. The home buyers are required to prepay the full face value of the coupon to us before they can use the coupon to purchase specified properties from the real estate developers at a discount significantly greater than the coupon value. The coupons purchased by prospective home buyers are refundable before a purchase of the specified properties prior to the expiry date of the coupon. We recognize revenues when home buyers apply the discount coupons to pay for the purchase price of the specified properties from real estate developers. Cash received in advance of the purchase of specified properties is recorded as customer advances.

### *Other Services*

Revenues from other services are derived from various off-line services we provide. In 2013 and 2014, revenues from other services were mainly derived from group buying services. We exited from the group buying services in second half 2014. In 2015, other services revenues were mainly contributed by Guazi C2C services and offline recruitment services.

## **Taxation**

### *Cayman Islands*

We are incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, we are not subject to tax on income or capital gains. Additionally, upon payments of dividends to our shareholders, no Cayman Islands withholding tax will be imposed.

### *British Virgin Islands*

We are exempted from income tax in the British Virgin Islands on our foreign-derived income. There are no withholding taxes in the British Virgin Islands.

### *Hong Kong*

The operations in Hong Kong have incurred net accumulated operating losses for income tax purposes. The corporate income tax rate in Hong Kong is 16.5%.

### *PRC*

Pursuant to the Enterprise Income Tax Law, foreign-invested enterprises and domestic companies are subject to enterprise income tax at a uniform rate of 25%. In addition, "high and new technology enterprises" will enjoy a preferential enterprise income tax rate of 15%. Beijing 58, our consolidated affiliated entity, is qualified as a "high and new technology enterprise" under the Enterprise Income Tax Law and is eligible for a preferential enterprise income tax rate of 15% for the period from 2012 to 2017, so long as it obtains approval from the relevant tax authority if it is profitable during the period. Wanglin, one of our PRC subsidiaries, was qualified as a "high and new technology enterprise" from 2012 to 2014 and obtained its software enterprise status in July 2014. The local tax authority granted Wanglin a two-year tax holiday effective from January 1, 2014 followed by a three-year 50% tax rate reduction from January 1, 2016 to December 31, 2018.

As we had net operating losses or net operating loss carryforward for the year ended December 31, 2013, we did not incur any PRC income taxes for that period. For the year ended December 31, 2014, Wanglin had taxable income and accrued approximately US\$6.2 million income tax expense. Wanglin was determined as a software enterprise in July 2014. In April 2015, Wanglin submitted its application for preferential tax treatment for software enterprise and was informed by the tax authority that it was granted a two-year exemption and a 50% reduction on its taxable income under the Enterprise Income Tax Law for the subsequent three years effective retroactively from January 1, 2014. Wanglin paid approximately US\$1.2 million in income tax in 2014 and received a US\$1.2 million refund in the second half of 2015.

Effective January 1, 2012, the PRC Ministry of Finance and the State Administration of Taxation launched a Business Tax to Value-Added Tax Transformation Pilot Program, or the VAT Pilot Program, which imposes VAT in lieu of business tax for certain “modern service industries” in certain regions. According to the implementation circulars released by the Ministry of Finance and the State Administration of Taxation on the VAT Pilot Program, the “modern service industries” include research, development and technology services, information technology services, cultural innovation services, logistics support, lease of corporeal properties, attestation and consulting services. In August 2013, the program was further expanded nationwide. With the adoption of the program, our revenues are subject to VAT. VAT payable on goods sold or taxable services provided by a general VAT taxpayer for a taxable period is the net balance of the output VAT for the period after crediting the input VAT for the period. Hence, the amount of VAT payable does not result directly from output VAT generated from goods sold or taxable services provided. Therefore, we have adopted the net presentation of VAT. From May 1, 2016, the program will be further expanded to cover all industries.

### **Critical Accounting Policies**

We prepare our financial statements in conformity with U.S. GAAP, which requires us to make judgments, estimates and assumptions. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience and various other assumptions that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from our expectations as a result of changes in our estimates.

An accounting policy is considered critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time such estimate is made, and if different accounting estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the consolidated financial statements. The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies, and the sensitivity of reported results to changes in conditions and assumptions are factors that should be considered when reviewing our consolidated financial statements. We believe that the following accounting policies involve a higher degree of judgment and complexity in their application and require us to make significant accounting estimates. The following descriptions of critical accounting policies, judgments and estimates should be read in conjunction with our consolidated financial statements and other disclosures included in this annual report.

#### ***Consolidation***

Our consolidated financial statements include the accounts of 58.com Inc. and its wholly-owned and majority owned subsidiaries and consolidated variable interest entities in which our company has a controlling financial interest. All intercompany transactions are eliminated.

Our variable interest entities are wholly or partially owned by certain of our employees as shareholders. For consolidated variable interest entities, our management made evaluations of our relationships with the variable interest entities and the economic benefit flow of contractual arrangements with the variable interest entities. In connection with such evaluation, we also take into account the fact that, as a result of such contractual arrangements, we control the shareholders’ voting interests in these variable interest entities. As a result of such evaluation, we concluded that we are the primary beneficiary of these consolidated variable interest entities.

#### ***Deconsolidation***

We deconsolidate our subsidiaries in accordance with ASC 810-10-40-4 as of the date we ceased to have a controlling financial interest in the subsidiaries.

We account for the deconsolidation of our subsidiaries by recognizing a gain or loss in net income/(loss) attributable to us in accordance with ASC 810-10-40-5. This gain or loss is measured at the date the subsidiaries are deconsolidated as the difference between (a) the aggregate of the fair value of any consideration received, the fair value of any retained noncontrolling interest in the subsidiaries being deconsolidated, and the carrying amount of any noncontrolling interest in the subsidiaries being deconsolidated, including any accumulated other comprehensive income/(loss) attributable to the noncontrolling interest, and (b) the carrying amount of the assets and liabilities of the subsidiaries being deconsolidated.

#### ***Business Combination, Noncontrolling Interests and Mezzanine Classified Noncontrolling Interests***

We account for our business combinations using the acquisition method of accounting in accordance with Accounting Standards Codification (“ASC”) 805 “Business Combinations” (“ASC 805”). The cost of an acquisition is measured as the aggregate of the acquisition date fair values of the assets transferred and liabilities incurred by us to the sellers and equity instruments issued. Transaction costs directly attributable to the acquisition are expensed as incurred. Identifiable assets and liabilities acquired or assumed are measured separately at their fair values as of the acquisition date. The excess of (i) the total costs of acquisition, fair value of the noncontrolling interests and acquisition date fair value of any previously held equity interest in the acquiree over (ii) the fair value of the identifiable net assets of the acquiree is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statements of comprehensive income/(loss). During the measurement period, which can be up to one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the consolidated statements of operations.

In a business combination achieved in stages, we re-measure the previously held equity interest in the acquiree immediately before obtaining control at its acquisition-date fair value and the re-measurement gain or loss, if any, is recognized in the consolidated statements of comprehensive income/(loss).

For our majority-owned subsidiaries and VIEs, a noncontrolling interest is recognized to reflect the portion of their equity which is not attributable, directly or indirectly, to us. When the noncontrolling interest is contingently redeemable upon the occurrence of a conditional event, which is not solely within our control, the noncontrolling interest is classified as mezzanine classified noncontrolling interest. Consolidated net income/(loss) on the consolidated income statements includes the net income/(loss) attributable to noncontrolling interests and mezzanine equity holders when applicable. The cumulative results of operations attributable to noncontrolling interests are also recorded as noncontrolling interests in our consolidated balance sheets. Cash flows related to transactions with noncontrolling interests are presented under financing activities in the consolidated statements of cash flows.

### ***Goodwill***

Goodwill represents the excess of the purchase consideration over the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed of the acquired entity as a result of our acquisitions of interests in its subsidiaries and VIEs. Goodwill is not amortized but is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that it might be impaired. We first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. In the qualitative assessment, we consider primary factors such as industry and market considerations, overall financial performance of the reporting unit, and other specific information related to the operations. Based on the qualitative assessment, if it is more likely than not that the fair value of each reporting unit is less than the carrying amount, the quantitative impairment test is performed.

In performing the two-step quantitative impairment test, the first step compares the fair values of each reporting unit to its carrying amount, including goodwill. If the fair value of each reporting unit exceeds its carrying amount, goodwill is not considered to be impaired and the second step will not be required. If the carrying amount of a reporting unit exceeds its fair value, the second step compares the implied fair value of goodwill to the carrying value of a reporting unit's goodwill. The implied fair value of goodwill is determined in a manner similar to accounting for a business combination with the allocation of the assessed fair value determined in the first step to the assets and liabilities of the reporting unit. The excess of the fair value of the reporting unit over the amounts assigned to the assets and liabilities is the implied fair value of goodwill. This allocation process is only performed for the purposes of evaluating goodwill impairment and does not result in an entry to adjust the value of any assets or liabilities. Application of a goodwill impairment test requires significant management judgment, including the identification of reporting units, assigning assets, liabilities and goodwill to reporting units, and determining the fair value of each reporting unit.

We perform impairment tests in the fourth quarter of each year. No impairment loss was recognized for all periods presented.

### ***Long-lived Assets***

Intangible assets acquired through business acquisitions are recognized as assets separate from goodwill if they satisfy either the "contractual-legal" or "separability" criterion. Purchased intangible assets and intangible assets arising from the acquisitions of subsidiaries and VIE subsidiaries are recognized and measured at fair value upon acquisition. Separately identifiable intangible assets that have determinable lives continue to be amortized over their estimated useful lives using the straight-line method. Separately identifiable intangible assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. Measurement of any impairment loss for identifiable intangible assets is based on the amount by which the carrying amount of the assets exceeds the fair value of the asset.

Property and equipment are stated at cost less accumulated depreciation and impairment. Property and equipment are depreciated on a straight-line basis over the estimated useful lives, which is generally from 30 to 50 years for buildings and 3 to 5 years for the other properties and equipment. Expenditures for maintenance and repairs are expensed as incurred. The gain or loss on the disposal of property and equipment is the difference between the net sales proceeds and the carrying amount of the relevant assets and is recognized in the consolidated statements of comprehensive income/(loss).

### ***Long-term Investments***

Long-term investments represent our investments in privately held companies. In accordance with ASC 323 “Investment-Equity Method and Joint Ventures”, we apply the equity method of accounting to equity investments, in common stock or in-substance common stock, over which it has significant influence but does not own a majority equity interest or otherwise control. Under the equity method, we initially record our investment at cost. The difference between the cost of the equity investment and the amount of the underlying equity in the net assets of the equity investee is recognized as equity method goodwill or as an intangible asset as appropriate, which is included in the equity method investment on the consolidated balance sheets. We subsequently adjust the carrying amount of the investment to recognize our proportionate share of each equity investee’s net income or loss into consolidated statements of comprehensive income/(loss) after the date of acquisition. We will discontinue applying the equity method if an investment (and additional financial supports to the investee, if any) has been reduced to zero.

An investment in in-substance common stock is an investment that has risk and reward characteristics that are substantially similar to that entity’s common stock. We consider subordination, risks and rewards of ownership and obligation to transfer value when determining whether an investment in an entity is substantially similar to an investment in that entity’s common stock.

For long-term investments in equity securities that are not accounted for using equity method of accounting and have no readily determinable fair value, the cost method accounting is used.

We continually review our long-term investments accounted for under the cost and equity methods to determine whether a decline in fair value to below the carrying value is other than temporary. The primary factors we consider in our determination are the length of time that the fair value of the investment is below our carrying value; the financial condition, operating performance and the prospects of the equity investee; and other company specific information such as recent financing rounds. If the decline in fair value is deemed to be other than temporary, the carrying value of the equity investee is written down to fair value. In 2015, we recognized US\$0.9 million impairment loss on long-term investment.

### ***Revenue Recognition***

We generate revenues primarily from membership, online marketing services and E-commerce services. We sell these services through our direct sales teams and third party sales agencies. Under the terms of the agreement with the sales agencies, the sales agencies remit to us a certain percentage of our listed sales price. We recognize revenue net of the amounts retained by the sales agencies because the sales agencies will offer discretionary discount to the customer. Additionally, we do not receive information from the sales agencies indicating the amount of such discounts offered to the customers or regarding the actual cash paid by the customers to the sales agencies. As such, we are unable to determine the gross amounts paid by the customers to the sales agencies. Accordingly, we believe that it is more appropriate to recognize revenue net of the amounts retained by the sales agencies. Revenue is recognized when persuasive evidence of an arrangement exists, the price is fixed or determinable, service is performed and collectability of the related fee is reasonably assured.

We have adopted the gross presentation for business tax and related surcharges pursuant to ASC 605-45, “Revenue Recognition: Principal Agent Considerations”. The amount of business tax and related surcharges included in cost of revenues were US\$1.7 million, US\$1.6 million and US\$3.7 million for the years ended December 31, 2013, 2014 and 2015, respectively. Effective January 1, 2012, the PRC Ministry of Finance and the State Administration of Taxation launched the Value Added Tax Pilot Program for certain industries in certain regions. According to the implementation circulars released by the Ministry of Finance and the State Administration of Taxation on the Pilot Program, the “Modern Service Industries” includes research, development and technological services, information technology services, cultural innovation services, logistics support, lease of corporeal properties, attestation and consulting services. Subsidiaries in different regions were affected at different times as the program was rolled out. Most of our entities were subject to the VAT Pilot Program as of December 31, 2015. With the adoption of the Pilot Program, our revenues are subject to VAT payable on goods sold or taxable labor services provided by a general VAT taxpayer for a taxable period. VAT payable is the net balance of the output VAT for the period after crediting the input VAT for the period. Hence, the amount of VAT payable does not result directly from output VAT generated from goods sold or taxable labor services provided. Accordingly, we have adopted the net presentation of VAT.

**Membership.** A membership is a basic services package mainly consisting of the following services: customer certification, display of an online storefront on our platforms, preferential listing benefits such as limited daily priority listings and higher quota for free daily listings and access to our dedicated customer service support team and online account management system. Membership revenues are recognized ratably over the contract period when membership services are provided.

*Online marketing services.* Our online marketing services include time-based services and performance-based services. Revenues from time-based services are recognized ratably over the service period. Revenues from performance-based services are recognized when the agreed performance criteria are achieved. For service arrangements that include multiple deliverables, revenues are allocated to each unit of accounting based on relative selling price of each unit of accounting according to the selling price hierarchy established by ASU No. 2009-13. We use (a) vendor-specific objective evidence of selling price, if it exists, (b) otherwise, third-party evidence of selling price. If neither (a) nor (b) exists, we will use (c) the management's best estimate of the selling price for that deliverable. Selling price is generally determined by vendor specific objective evidence.

*E-commerce services.* We enter into promotional service agreements with real estate developers pursuant to which we are authorized to sell discount coupons with face value ranging from RMB2,000 (US\$309) to RMB100,000 (US\$15,437) to prospective home buyers. The home buyers are required to prepay the full face value of the coupon to us before they can use the coupon to purchase specified properties from the real estate developers at a discount significantly greater than the coupon value. The coupons purchased by prospective home buyers are refundable before a purchase of the specified properties prior to the expiry date of the coupon. We recognize revenues when home buyers apply the discount coupons to pay for the purchase price of the specified properties from real estate developers. Cash received in advance of the purchase of specified properties is recorded as customer advances.

*Other services.* Other services include various off-line services provided. We recognize other service revenue when the related services are rendered.

### ***Income Taxes***

Current income taxes are provided on the basis of net income for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes, in accordance with the regulations of the relevant tax jurisdictions. Deferred income taxes are provided using the liability method. Under this method, deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. The effect on deferred taxes of a change in tax rates is recognized in the statement of comprehensive loss in the period of change. A valuation allowance is provided to reduce the amount of deferred tax assets if it is considered more likely than not that some portion of, or all of the deferred tax assets will not be realized.

The guidance prescribes a more likely than not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Guidance was also provided on derecognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, accounting for income taxes in interim periods, and income tax disclosures. Significant judgment is required in evaluating our uncertain tax positions and determining its provision for income taxes. We recognize interests and penalties, if any, under accrued expenses and other current liabilities on our balance sheet and under other expenses in our statement of comprehensive income/(loss). We did not have any interest or penalties associated with tax positions as of December 31, 2013, 2014 and 2015. As of December 31, 2013, 2014 and 2015, we did not have any significant unrecognized uncertain tax positions.

In order to assess uncertain tax positions, we apply a more likely than not threshold and a two-step approach for the tax position measurement and financial statement recognition. Under the two-step approach, the first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement.

## Share-Based Compensation

All share-based awards to employees and directors, including share options, restricted share units, or RSUs, and restricted shares are measured at the grant date based on the fair value of the awards. Share-based compensation, net of forfeitures, is recognized as expense on a straight-line basis over the requisite service period, which is the vesting period.

### Share options

We use the Binominal option pricing model to determine the fair value of share options. We account for share-based compensation expenses using an estimated forfeiture rate at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from initial estimates. Share-based compensation expenses were recorded net of estimated forfeitures such that expense was recorded only for those share-based awards that are expected to vest. Historically, our share-based compensation expenses were relatively low.

We adopted an employee stock option plan in March 2010. We refer to this as the 2010 Plan. The maximum number of shares in respect of which share awards may be granted under the 2010 Plan is 20,173,225. The 2010 Plan will terminate automatically 10 years after its adoption, unless terminated earlier by our shareholders' approval.

We also adopted a share incentive plan in September 2013. We refer to this as the 2013 Plan. The maximum aggregate number of shares which may be issued pursuant to all awards under the 2013 Plan was 2,800,000 shares as of the date of its adoption. The number of shares reserved for future issuances under the 2013 Plan will be increased by a number equal to 1.5% of the total number of outstanding shares on the last day of the immediately preceding calendar year, on the first day of each calendar year during the term of the 2013 Plan beginning in 2015, or such lesser number of ordinary shares as determined by our board of directors. In addition, in April 2015, in connection with our acquisition of a strategic stake in Ganji, we further increased such number of maximum aggregate number of shares which may be issued by an additional 7,000,000 ordinary shares, reserved for future grants. The annual general meeting of our shareholders held on December 17, 2015, further increased the maximum aggregate number of shares that may be issued pursuant to all awards under the 2013 Plan to a total of 13,686,128 ordinary shares (consisting of 6,686,128 Class A ordinary shares and 7,000,000 Class B ordinary shares), plus any applicable annual increase beginning in 2016.

58 Home adopted its 2015 Share Incentive Plan, which we refer to as the 58 Home 2015 Plan, in February 2015. The maximum aggregate number of shares which may be issued pursuant to all awards under the 58 Home 2015 Plan is 20,000,000 ordinary shares of 58 Home. In connection with the Series A round of equity financing closed on November 27, 2015, the maximum aggregate number of shares which may be issued under the 58 Home 2015 Plan was increased by 2,000,000 ordinary shares of 58 Home.

A summary of the share option grants under our 2010 Plan and 2013 Plan since January 1, 2013, is presented below (share and per share information is presented to give retroactive effect to the share splits that we have conducted so far).

|                    | Number of<br>Options<br>Granted | Exercise<br>Price<br>US\$ | Fair Value of<br>the Options<br>as of the<br>Grant Date<br>US\$ | Fair Value of<br>the<br>Underlying<br>Ordinary<br>Shares<br>as of the<br>Grant Date<br>US\$ | Intrinsic<br>Value<br>as of the<br>Grant Date<br>US\$ |
|--------------------|---------------------------------|---------------------------|---|---|---|
| January 1, 2013    | 1,187,000                       | 2.300                     | 1.340   | 2.484   | 0.184   |
| July 31, 2013      | 1,900,000                       | 2.500                     | 3.500   | 5.286   | 2.786   |
| September 17, 2013 | 30,000                          | 2.500                     | 3.500   | 5.286   | 2.786   |
| October 14, 2013   | 646,000                         | 5.600                     | 3.770   | 6.720   | 1.120   |
| October 30, 2013   | 70,000                          | 8.500                     | 4.580   | 8.500   | —   |
| February 27, 2014  | 138,200                         | 15.950                    | 12.060  | 21.000  | 5.05  |
| May 14, 2014       | 109,200                         | 18.460                    | 10.250  | 19.260  | 0.8   |
| June 25, 2014      | 217,000                         | 20.000                    | 12.440  | 22.950  | 2.95  |
| November 3, 2014   | 257,200                         | 17.770                    | 10.740  | 19.840  | 2.07  |
| February 27, 2015  | 201,600                         | 18.675                    | 12.060  | 20.840  | 2.165   |
| April 13, 2015     | 7,000                           | 22.030                    | 16.520  | 25.415  | 3.385   |
| May 22, 2015       | 1,600                           | 38.140                    | 24.850  | 39.555  | 1.415   |
| August 24, 2015    | 2,400                           | 20.980                    | 10.930  | 21.400  | 0.42  |
| August 24, 2015    | 1,426,000                       | 20.980                    | 12.010  | 21.400  | 0.42  |

A summary of the share option grants under the 58 Home 2015 Plan since January 1, 2015, is presented below.

|                   | <b>Number of<br/>Options<br/>Granted</b> | <b>Exercise<br/>Price</b> | <b>Fair Value of<br/>the Options<br/>as of the<br/>Grant Date</b> | <b>Fair Value of<br/>the<br/>Underlying<br/>Ordinary<br/>Shares<br/>as of the<br/>Grant Date</b> | <b>Intrinsic<br/>Value<br/>as of the<br/>Grant Date</b> |
|-------------------|--|---------------------------|---|--|---|
|                   |  | US\$                      | US\$  | US\$   | US\$  |
| February 10, 2015 | 2,000,000                                | 0.010                     | 0.170   | 0.176  | 0.166   |
| February 10, 2015 | 2,671,000                                | 0.100                     | 0.120   | 0.176  | 0.076   |
| February 10, 2015 | 1,700,000                                | 0.170                     | 0.110   | 0.176  | 0.006   |
| February 10, 2015 | 1,400,000                                | 0.170                     | 0.100   | 0.176  | 0.006   |
| April 1, 2015     | 1,000,000                                | 0.170                     | 0.270   | 0.200  | 0.030   |
| April 30, 2015    | 150,000                                  | 0.170                     | 0.250   | 0.200  | 0.030   |

We estimated the fair value of share options using the binominal option-pricing model with the assistance from an independent valuation firm.

The fair value of each option grant under the 2013 Plan is estimated on the date of grant with the following assumptions:

|   | <b>Jan. 1,<br/>2013</b> | <b>July 31,<br/>and<br/>Sept. 17,<br/>2013</b> | <b>Oct. 14,<br/>and<br/>Oct. 30,<br/>2013</b> | <b>Feb. 27,<br/>2014</b> | <b>May 14,<br/>2014</b> | <b>June 25,<br/>2014</b> | <b>Nov. 3,<br/>2014</b> | <b>Feb. 27,<br/>Apr. 13,<br/>and<br/>May 22,<br/>2015</b> | <b>Aug. 24,<br/>2015</b> |
|---|-------------------------|--|---|--------------------------|-------------------------|--------------------------|-------------------------|---|--------------------------|
| Expected volatility <sup>(1)</sup>                        | 59.1%                   | 55.6%  | 54.1%   | 53.3%                    | 52.8%                   | 52.5%                    | 50.8%                   | 49.0%   | 48.5%                    |
| Risk-free interest rate<br>(per annum) <sup>(2)</sup>     | 2.032%                  | 2.877%   | 3.100%  | 3.730%                   | 3.170%                  | 3.200%                   | 3.010%                  | 2.760%  | 2.670%                   |
| Exercise multiple <sup>(3)</sup>                          | 2                       | 2  | 2   | 2                        | 2                       | 2                        | 2                       | 2 or 2.8  | 2 or 2.8                 |
| Expected dividend yield <sup>(4)</sup>                    | 0.00%                   | 0.00%  | 0.00%   | 0.00%                    | 0.00%                   | 0.00%                    | 0.00%                   | 0.00%   | 0.00%                    |
| Expected term (in years) <sup>(5)</sup>                   | 10                      | 10   | 10  | 10                       | 10                      | 10                       | 10                      | 10  | 10                       |
| Expected forfeiture rate<br>(post-vesting) <sup>(6)</sup> | 3.2%                    | 3.3%   | 1.0%  | 0.4%                     | 0.4%                    | 0.4%                     | 0.3%                    | 0.25%   | 0.17%                    |

The fair value of each option grant under the 58 Home 2015 Plan was estimated on the date of grant with the following assumptions:

|   | <b>Feb. 10, 2015</b> | <b>Apr. 1, 2015</b> | <b>Apr. 30, 2015</b> |
|---|----------------------|---------------------|----------------------|
| Expected volatility <sup>(1)</sup>                        | 59.7%                | 59.4%               | 60.0%                |
| Risk-free interest rate<br>(per annum) <sup>(2)</sup>     | 2.600%               | 2.460%              | 2.630%               |
| Exercise multiple <sup>(3)</sup>                          | 2 or 2.8             | 2.8                 | 2                    |
| Expected dividend yield <sup>(4)</sup>                    | 0.00%                | 0.00%               | 0.00%                |
| Expected term (in years) <sup>(5)</sup>                   | 10                   | 10                  | 10                   |
| Expected forfeiture rate<br>(post-vesting) <sup>(6)</sup> | 0.25%                | 0.25%               | 0.25%                |

Notes:

- (1) We estimated expected volatility based on the annualized standard deviation of the daily return embedded in historical share prices of comparable companies with a time horizon close to the expected expiry of the term.
- (2) We estimated risk-free interest rate based on the yield to maturity of US\$ denominated Chinese Government bonds with a maturity similar to the expected expiry of the term.
- (3) The exercise multiple is estimated as the ratio of fair value of underlying shares over the exercise price as at the time the option is exercised, based on a consideration of research study regarding exercise pattern based on historical statistical data.
- (4) Expected dividend yield: We have never declared or paid any cash dividends on our capital stock, and we do not anticipate any dividend payments on our ordinary shares in the foreseeable future.
- (5) Expected term (in years): Expected term is the contract life of the option.
- (6) Expected forfeiture rate (post-vesting): Estimated based on historical employee turnover rate after each option grant.

Determining the fair value of our ordinary shares required us to make complex and subjective judgments, assumptions and estimates, which involved inherent uncertainty. Had our management used different assumptions and estimates, the resulting fair value of our ordinary shares and the resulting share-based compensation expenses could have been different.

#### *Restricted share units*

RSUs issued to our employees are measured based on the grant date fair value of the award and recognized as compensation expense based on the straight-line vesting method, net of estimated forfeitures, over the requisite service period, with a corresponding impact reflected in additional paid-in capital. The fair value of RSUs was based on the fair value of our underlying ordinary shares on the grant date. We granted no RSUs prior to 2014.

The following table sets forth certain information regarding the RSUs granted to our employees since January 1, 2014, with share and per share information.

|                   | <b>Number of<br/>RSUs Granted</b> | <b>Fair Value per<br/>Ordinary Share as of<br/>the Grant Date</b> | <b>Type/Methodology<br/>of Valuation</b> |
|-------------------|-----------------------------------|---|--|
|                   |                                   | US\$  |  |
| February 27, 2014 | 59,400                            | 21.000  | Contemporaneous/ Stock Price (1)         |
| May 14, 2014      | 113,800                           | 19.260  | Contemporaneous/ Stock Price (1)         |
| June 25, 2014     | 383,000                           | 22.950  | Contemporaneous/ Stock Price (1)         |
| November 3, 2014  | 392,400                           | 19.840  | Contemporaneous/ Stock Price (1)         |
| February 27, 2015 | 392,308                           | 20.840  | Contemporaneous/ Stock Price (1)         |
| April 13, 2015    | 432,000                           | 25.415  | Contemporaneous/ Stock Price (1)         |
| May 22, 2015      | 143,986                           | 39.555  | Contemporaneous/ Stock Price (1)         |
| August 6, 2015    | 1,050,578                         | 28.570  | Contemporaneous/ Stock Price (1)         |
| August 24, 2015   | 3,427,590                         | 21.400  | Contemporaneous/ Stock Price (1)         |
| November 23, 2015 | 225,598                           | 26.530  | Contemporaneous/ Stock Price (1)         |

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Note:

(1) The fair values of restricted share units are based on stock price of our company on grant dates.

In March 2015, in connection with our acquisition of Anjuko, we issued 248,216 fully vested RSUs of our company to former Anjuko employees as part of the share consideration. In August 2015, in connection with our strategic investment in Ganji, we issued 4,449,002 fully vested RSUs of our company to former Ganji employees as part of the share consideration.

In February 2016, our board of directors approved the grant of 152,240 restricted share units to employees of our company under the 2013 Plan.

*Restricted shares of 58 Home*

In February 2015, 58 Home granted 9,100,000 restricted shares to selected management members of 58 Home. In April 2015, 58 Home further granted 1,880,000 restricted shares to an executive officer of our company. All these restricted shares were granted under the 58 Home 2015 Plan and were fully vested on the respective grant dates.

*Fair Value of Our Ordinary Shares*

Prior to our initial public offering, we were a private company with no quoted market prices for our ordinary shares. We therefore needed to make estimates of the fair value of our ordinary shares at various dates for the purpose of determining the fair value of our ordinary shares at the date of the grant of a share-based compensation award to our employees as one of the inputs into determining the grant date fair value of the award.

The following table sets forth the fair value of our ordinary shares estimated at different times since January 1, 2013 and prior to our initial public offering with the assistance from an independent valuation firm.

| <b>Date</b>                    | <b>Equity Value<br/>(US\$'000)</b> | <b>Fair Value<br/>Per Share<br/>(US\$)</b> | <b>DLOM</b> | <b>Discount<br/>Rate</b> | <b>Type of<br/>Valuation</b> |
|--------------------------------|------------------------------------|--|-------------|--------------------------|------------------------------|
| January 1, 2013                | 375,532                            | 2.484                                      | 20%         | 22.0%                    | Contemporaneous              |
| July 31 and September 17, 2013 | 728,321                            | 5.286                                      | 9%          | 19.0%                    | Contemporaneous              |
| October 14, 2013               | 885,777                            | 6.720                                      | 4%          | N/A                      | Contemporaneous              |
| October 30, 2013               | 1,120,402                          | 8.500                                      | —           | N/A                      | Contemporaneous              |

We applied the income approach/discounted cash flow, or DCF, analysis based on our projected cash flow using management's best estimate as of the valuation date. The determination of the fair value of our ordinary shares requires complex and subjective judgments to be made regarding our projected financial and operating results, our unique business risks, the liquidity of our shares and our operating history and prospects at the time of valuation.

The major assumptions used in calculating the fair value of ordinary shares include:

- Weighted average cost of capital, or WACC: WACCs of 22.0% and 19.0% were used for dates as of January 2013 and July 2013, respectively. The WACCs were determined based on a consideration of the factors including risk-free rate, comparative industry risk, equity risk membership, company size and nonsystematic risk factors.
- Comparable companies: In deriving the WACCs, which are used as the discount rates under the income approach, four publicly traded companies in China online marketing industry and two publicly traded companies in the U.S. online marketing industry were selected for reference as our guideline companies.

- Discount for lack of marketability, or DLOM: DLOM was quantified by the Black-Scholes option pricing model. Under this option-pricing method, the cost of the put option, which can hedge the price change before the privately held shares can be sold, was considered as a basis to determine the DLOM. This option pricing method is one of the methods commonly used in estimating DLOM as it can take into consideration factors like timing of a liquidity event, such as an IPO, and estimated volatility of our shares. The farther the valuation date is from an expected liquidity event, the higher the put option value and thus the higher the implied DLOM. The lower DLOM is used for the valuation, the higher is the determined fair value of the ordinary shares. DLOM remained in the range of 4.0% to 21.0% in the period from 2012 to 2013.
- The income approach involves applying appropriate discount rates to estimated cash flows that are based on earnings forecasts. Our revenues and earnings growth rates, as well as major milestones that we have achieved, contributed significantly to the increase in the fair value of our ordinary shares from April 2012 to October 2013. However, these fair values are inherently uncertain and highly subjective. The assumptions used in deriving the fair values are consistent with our business plan. These assumptions include: no material changes in the existing political, legal and economic conditions in China; our ability to retain competent management, key personnel and staff to support our ongoing operations; and no material deviation in market conditions from economic forecasts. These assumptions are inherently uncertain. The risk associated with achieving our forecasts were assessed in selecting the appropriate discount rates, which ranged from 19.0% to 22.0%.
- Option-pricing method was used to allocate enterprise value to preference and ordinary shares, taking into account the guidance prescribed by the AICPA Audit and Accounting Practice Aid, "Valuation of Privately-Held Company Equity Securities Issued as Compensation," or the Practice Aid. The method treats ordinary share and preference share as call options on the enterprise's value, with exercise prices based on the liquidation preference of the preference share.
- The option-pricing method involves making estimates of the anticipated timing of a potential liquidity event, such as a sale of our company or an initial public offering, and estimates of the volatility of our equity securities. The anticipated timing is based on the plans of our board of directors and management. Estimating the volatility of the share price of a privately held company is complex because there is no readily available market for the shares. We estimated the volatility of our shares to range from 54.1% to 69.5% based on the historical volatilities of comparable publicly traded companies engaged in similar lines of business. Had we used different estimates of volatility, the allocations between preference and ordinary shares would have been different.

### Recent Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." This guidance supersedes current guidance on revenue recognition in Topic 605, "Revenue Recognition." In addition, there are disclosure requirements related to the nature, amount, timing, and uncertainty of revenue recognition. This guidance will be effective for annual reporting periods beginning after December 15, 2016, including interim reporting periods, and will be required to be applied retrospectively. Early application of the guidance is not permitted. In August 2015, the FASB issued ASU No. 2015-14 to defer the effective date of ASU No. 2014-09 for all entities by one year. We are in the process of evaluating the impact of the standard on our consolidated financial statements.

In June 2014, the FASB issued ASU No. 2014-12, "Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period". The new standard requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. A reporting entity should apply existing guidance in Topic 718, Compensation-Stock Compensation, as it relates to awards with performance conditions that affect vesting to account for such awards. The performance target should not be reflected in estimating the grant-date fair value of the award. Compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. If the performance target becomes probable of being achieved before the end of the requisite service period, the remaining unrecognized compensation cost should be recognized prospectively over the remaining requisite service period. The total amount of compensation cost recognized during and after the requisite service period should reflect the number of awards that are expected to vest and should be adjusted to reflect those awards that ultimately vest. The requisite service period ends when the employee can cease rendering service and still be eligible to vest in the award if the performance target is achieved. The amendments in this ASU are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. Earlier adoption is permitted. The implementation of this update is not expected to have any material impact on our consolidated financial statements.

In August 2014, FASB issued ASU No. 2014-15, “Presentation of Financial Statements—Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern.” The new standard addresses management’s responsibility to evaluate whether there is substantial doubt about an entity’s ability to continue as a going concern and to provide related footnote disclosures. Management’s evaluation should be based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued. The new standard will be effective for the first interim period within annual reporting periods beginning after December 15, 2016. Early adoption is permitted. We are currently evaluating the impact of this guidance.

In February 2015, the FASB issued Consolidation (Topic 810) —Amendments to the Consolidation Analysis. The amendments in Topic 810 respond to stakeholders’ concerns about the current accounting for consolidation of variable interest entities, by changing aspects of the analysis that a reporting entity must perform to determine whether it should consolidate such entities. Under the amendments, all reporting entities are within the scope of Subtopic 810-10, Consolidation—Overall, including limited partnerships and similar legal entities, unless a scope exception applies. The amendments are intended to be an improvement to current U.S. GAAP, as they simplify the codification of FASB Statement No. 167, Amendments to FASB Interpretation No. 46(R), with changes including reducing the number of consolidation models through the elimination of the indefinite deferral of Statement 167 and placing more emphasis on risk of loss when determining a controlling financial interest. The amendments are effective for publicly-traded companies for fiscal years beginning after December 15, 2015, and for interim periods within those fiscal years. Earlier adoption is permitted. We have early adopted the guidance and considered there is no material impact on our consolidated financial statements.

In September 2015, the FASB issued ASU No. 2015-16, Simplifying the Accounting for Measurement-Period Adjustments, which eliminates the requirement for acquirers in a business combination to account for measurement-period adjustments retrospectively. Instead, acquirers must recognize measurement-period adjustments during the period in which they determine the amounts, including the effect on earnings of any amounts that would have been recorded in previous periods if the accounting had been completed at the acquisition date. This update is effective for interim and annual periods beginning after December 15, 2015, with early adoption permitted. The implementation of this update is not expected to have any material impact on our consolidated financial statements.

In November 2015, the FASB issued ASU No. 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes, which simplifies the presentation of deferred income taxes by requiring deferred tax assets and liabilities be classified as noncurrent on the balance sheet. The amendments in this update are effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. We are currently evaluating the effect of adoption of this ASU and expect that it will have an impact on our consolidated balance sheets, as current deferred tax assets were US\$86 thousand and non-current deferred tax liabilities were US\$66.2 million as of December 31, 2015.

In January 2016, the FASB issued ASU 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities, which provides guidance for the recognition, measurement, presentation, and disclosure of financial assets and liabilities. The guidance will be effective for the fiscal year beginning after December 15, 2017, including interim periods within that year. We are in the process of evaluating the impact of the adoption of this ASU.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which amends the existing accounting standards for lease accounting. This update requires lessees to recognize a right-of-use asset and lease liability for all leases with terms of more than twelve months. Lessees are permitted to make an accounting policy election to not recognize the asset and liability for leases with a term of twelve months or less. The update does not significantly change the lessees’ recognition, measurement and presentation of expenses and cash flows from the previous accounting standard. The amendments in this Update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. We are currently assessing the potential effects this update may have on our consolidated financial statements and related disclosures.

In March 2016, the FASB issued ASU 2016-09, which is intended to improve the accounting for employee share-based payments. This standard will be effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods, with early adoption permitted. We are currently evaluating the impact that this new guidance will have on our consolidated financial statements.

## Results of Operations

The following table sets forth our consolidated results of operations for the periods indicated. Our business has experienced rapid growth since inception. We expect our growth to continue as we grow our user base and explore new market opportunities. However, due to our limited operating history, our historical growth rate may not be indicative of our future performance. Therefore, we believe that period-to-period comparison of our results of operation should not be relied upon as indicative of future performance.

|                                     | <b>For the Year Ended December 31,</b> |             |             |
|-------------------------------------|--|-------------|-------------|
|                                     | <b>2013</b>                            | <b>2014</b> | <b>2015</b> |
|                                     | (in thousands of US\$)                 |             |             |
| Revenues                            | 145,747                                | 264,978     | 714,836     |
| Cost of revenues <sup>(1)</sup>     | (8,471)                                | (13,844)    | (51,268)    |
| Gross profit                        | 137,276                                | 251,134     | 663,568     |
| Operating expenses <sup>(1)</sup> : |  |             |             |
| Sales and marketing expenses        | (84,534)                               | (180,148)   | (689,014)   |
| Research and development expenses   | (25,138)                               | (43,676)    | (121,404)   |
| General and administrative expenses | (12,983)                               | (20,633)    | (105,049)   |
| Total operating expenses            | (122,655)                              | (244,457)   | (915,467)   |
| Income/(loss) from operations       | 14,621                                 | 6,677       | (251,899)   |
| Other income/(expenses), net        | 4,936                                  | 22,153      | (19,009)    |
| Income/(loss) before tax            | 19,557                                 | 28,830      | (270,908)   |
| Income taxes benefits/(expenses)    | —                                      | (6,186)     | 7,952       |
| Net income/(loss)                   | 19,557                                 | 22,644      | (262,956)   |

Note:

(1) Share-based compensation expenses were allocated in cost of revenues and operating expenses as follows:

|                                     | <b>For the Year Ended December 31,</b> |             |             |
|-------------------------------------|--|-------------|-------------|
|                                     | <b>2013</b>                            | <b>2014</b> | <b>2015</b> |
|                                     | (in thousands of US\$)                 |             |             |
| Cost of revenues                    | 36                                     | 18          | 121         |
| Sales and marketing expenses        | 445                                    | 1,395       | 6,997       |
| Research and development expenses   | 996                                    | 2,403       | 9,432       |
| General and administrative expenses | 1,388                                  | 2,357       | 11,510      |
| Total                               | 2,865                                  | 6,173       | 28,060      |

The following table sets forth the results of operations for the periods indicated, as percentages of revenues.

|                                     | <b>For the Year Ended December 31,</b> |             |             |
|-------------------------------------|--|-------------|-------------|
|                                     | <b>2013</b>                            | <b>2014</b> | <b>2015</b> |
|                                     | (% of revenues)                        |             |             |
| Revenues                            | 100.0%                                 | 100.0%      | 100.0%      |
| Cost of revenues                    | (5.8)                                  | (5.2)       | (7.2)       |
| Gross profit                        | 94.2                                   | 94.8        | 92.8        |
| <b>Operating expenses:</b>          |  |             |             |
| Sales and marketing expenses        | (58.0)                                 | (68.0)      | (96.4)      |
| Research and development expenses   | (17.2)                                 | (16.5)      | (17.0)      |
| General and administrative expenses | (8.9)                                  | (7.8)       | (14.7)      |
| Total operating expenses            | (84.1)                                 | (92.3)      | (128.1)     |
| Income/(loss) from operations       | 10.1                                   | 2.5         | (35.3)      |
| Other income/(expenses), net        | 3.4                                    | 8.4         | (2.7)       |
| Income/(loss) before tax            | 13.5                                   | 10.9        | (38.0)      |
| Income taxes benefits/(expenses)    | —                                      | (2.3)       | 1.1         |
| Net income/(loss)                   | 13.5                                   | 8.6         | (36.9)      |

### Comparison of the Years Ended December 31, 2013, 2014 and 2015

#### Revenues

The following table sets forth the principal components of our revenues, both as absolute amounts and as percentages of total revenues, for the periods indicated.

|                           | <b>For the Year Ended December 31,</b>    |                      |             |                      |             |                      |
|---------------------------|---|----------------------|-------------|----------------------|-------------|----------------------|
|                           | <b>2013</b>                               |                      | <b>2014</b> |                      | <b>2015</b> |                      |
|                           | <b>US\$</b>                               | <b>% of revenues</b> | <b>US\$</b> | <b>% of revenues</b> | <b>US\$</b> | <b>% of revenues</b> |
|                           | (in thousands of US\$, except for % data) |                      |             |                      |             |                      |
| Membership                | 85,725                                    | 58.8                 | 139,490     | 52.6                 | 297,150     | 41.6                 |
| Online marketing services | 58,457                                    | 40.1                 | 125,033     | 47.2                 | 385,543     | 53.9                 |
| E-commerce services       | —   | —                    | —           | —                    | 23,046      | 3.2                  |
| Other services            | 1,565                                     | 1.1                  | 455         | 0.2                  | 9,097       | 1.3                  |
| Total revenues            | 145,747                                   | 100.0                | 264,978     | 100.0                | 714,836     | 100.0                |

#### Membership

Membership revenues were US\$85.7 million, US\$139.5 million and US\$297.2 million, representing 58.8%, 52.6% and 41.6% of revenues in 2013, 2014 and 2015, respectively. The increase in our membership revenues was primarily attributable to the increase in the number of our paying merchant members, as a result of our stronger focus on acquiring and serving paying merchant members. Our average quarterly paying membership accounts on 58 platform in 2013, 2014 and 2015, were approximately 323,000, 529,000 and 827,000, respectively. Our Ganji and Anjuke businesses also contributed additional growth in the number of paying membership accounts in 2015. See “Item 4. Information on the Company — B. Business Overview — Service offerings – Memberships” for details of subscription based paying membership accounts. We expect our membership revenues will continue to grow as we continue to expand our paying merchant member base in the existing and new cities. Our field sales teams, who cover 39 cities, and our sales agency teams, who cover another approximately 330 cities, will continue to attract new paying merchant members. Our dedicated customer service team will continue to contribute to membership revenues by retaining existing merchants through helping them to optimize their marketing effectiveness.

Furthermore, paying merchant members also purchase our online marketing services that are not included in the basic membership, to enhance their marketing effectiveness especially after they have experienced the benefits of our membership. These revenues will be recorded under online marketing services revenues. We believe that the continued increase in the number of our paying merchant members and their spending will contribute to the growth of our online marketing services revenue, which in turn will drive our overall revenue growth.

*2015 compared to 2014.* Our membership revenues increased from US\$139.5 million in 2014 to US\$297.2 million in 2015, representing an increase of 113.0%. The increase was driven by the addition of revenues from Ganji and Anjuke as well as the organic growth of our 58 platform. On our 58 platform, the increase in membership revenues was primarily due to the increase in average quarterly paying membership accounts from approximately 529,000 in 2014 to approximately 827,000 in 2015. We experienced significant growth across multiple content categories, particularly in our real estate and jobs categories, in 2014 and 2015. We did not experience significant price increases for the membership packages during the same periods.

*2014 compared to 2013.* Our membership revenues increased from US\$85.7 million in 2013 to US\$139.5 million in 2014, representing an increase of 62.7%. The increase in membership revenues was primarily due to the increase in the number of our average quarterly paying membership accounts from approximately 323,000 in 2013 to approximately 529,000 in 2014. We experienced significant growth across multiple content categories, particularly in our real estate and jobs categories, in 2014. We did not experience significant price increases for the membership packages during the same periods.

#### *Online Marketing Services*

Revenues from online marketing services were US\$58.5 million, US\$125.0 million and US\$385.5 million, representing 40.1%, 47.2% and 53.9% of our revenues in 2013, 2014 and 2015, respectively. We continue to enhance our ability to more efficiently monetize our substantial traffic. For instance, in early 2015, we upgraded our real-time bidding system from a time-based (daily) bidding to click-based bidding (CPC), which allows merchants to bid more extensively on our platforms. This also enables us to generate higher revenues from the same amount of listings. These services have continued to attract more merchants and increase average spend per merchant. We expect our online marketing services revenues will continue to grow as we further develop our online marketing services, accumulate operational experience and increase our customer engagement.

*2015 compared to 2014.* Our online marketing services revenues increased from US\$125.0 million in 2014 to US\$385.5 million in 2015, representing an increase of 208.4%. The increase was mostly driven by the organic growth of our 58 platform, as well as the consolidation of Ganji's and Anjuke's financials. The newly consolidated Ganji and Anjuke platforms also have online marketing services but a lower percentage of their paying customers purchase bidding services due to their lack of experience in this area. We are working to transfer the requisite knowledge and systems to the Ganji and Anjuke platforms.

*2014 compared to 2013.* Our online marketing services revenues increased from US\$58.5 million in 2013 to US\$125.0 million in 2014, representing an increase of 113.9%. The increase was mostly driven by the increases in paying customers for online marketing customer services. While the subscription-based payment membership accounts increased, our customer services teams continued to successfully upsell online marketing services to more members.

#### *E-commerce Services*

Revenues from e-commerce services were US\$23.0 million, representing approximately 3.2% of our revenues in 2015, all of which was contributed by the Anjuke business that we acquired in March 2015.

#### *Other Services*

Revenues from other services were US\$1.6 million, US\$0.5 million and US\$9.1 million, representing approximately 1.1%, 0.2% and 1.3% of our revenues in 2013, 2014 and 2015, respectively. In 2013 and 2014, revenues from other services mainly related to group buying services. We exited from the group buying services in the second half of 2014. In 2015, revenues from other services mainly related to Guazi C2C services and offline recruitment services.

#### **Cost of Revenues**

Cost of revenues consists primarily of business taxes and surcharges, bandwidth costs, rental costs, equipment depreciation associated with website operation, and salaries, benefits and share-based compensation for our personnel responsible for website maintenance and operation. It also includes the traffic acquisition costs (TAC) paid to our advertising union partners who displayed our merchants' marketing information on their websites or mobile applications. We expect that our cost of revenues will increase in absolute amounts as we further grow our user base and expand our revenue-generating services. For the share-based compensation charges included in cost of revenues, see "— Critical Accounting Policies — Share-Based Compensation" for more information.

*2015 compared to 2014.* Our cost of revenues was US\$51.3 million in 2015, an increase of 270.3% from US\$13.8 million in 2014. The year-over-year increase in cost of revenues was primarily driven by our consolidation of Ganji's and Anjuke's financials, the organic growth of our 58 platform and an increase in traffic acquisition costs paid to 58's advertising union partners, as well as other types of PC and mobile platform maintenance related costs such as short message service (SMS) costs, bandwidth fees and depreciation expenses.

*2014 compared to 2013.* Our cost of revenues was US\$13.8 million in 2014, an increase of 63.4% from US\$8.5 million in 2013. The year-over-year increase in cost of revenues was primarily driven by the increase in bandwidth fees, SMS costs and depreciation expenses.

## Gross Profit

We expect our gross profit to increase as our revenues grow. The following table sets forth our gross profit and gross margin for the periods indicated.

|              | For the Year Ended December 31,           |         |         |
|--------------|---|---------|---------|
|              | 2013                                      | 2014    | 2015    |
|              | (in thousands of US\$, except for % data) |         |         |
| Gross profit | 137,276                                   | 251,134 | 663,568 |
| Gross margin | 94.2%                                     | 94.8%   | 92.8%   |

*2015 compared to 2014.* Our gross profit increased from US\$251.1 million in 2014 to US\$663.6 million in 2015, representing an increase of 164.2%. The increase in gross profit was primarily attributable to the significant increase in membership revenues as well as online marketing services revenues from our core classified business and the consolidation of financials of Ganji and Anjuka. Gross margin decreased from 94.8% to 92.8% during the same period. The decrease in gross margin was primarily driven by the growth of our advertising union business, which has a lower gross margin than our core classifieds business.

*2014 compared to 2013.* Our gross profit increased from US\$137.3 million in 2013 to US\$251.1 million in 2014, representing an increase of 82.9%. Gross margin increased from 94.2% to 94.8% during the same period. The increase in gross profit was primarily attributable to the significant increase in membership revenues as well as online marketing services revenues during the same period.

## Operating Expenses

Our operating expenses consist of sales and marketing expenses, research and development expenses and general and administrative expenses. The following table sets forth our operating expenses, both as absolute amounts and as percentages of our revenues, for the periods indicated.

|                                     | For the Year Ended December 31,           |               |         |               |         |               |
|-------------------------------------|---|---------------|---------|---------------|---------|---------------|
|                                     | 2013                                      |               | 2014    |               | 2015    |               |
|                                     | US\$                                      | % of revenues | US\$    | % of revenues | US\$    | % of revenues |
|                                     | (in thousands of US\$, except for % data) |               |         |               |         |               |
| Sales and marketing expenses        | 84,534                                    | 58.0          | 180,148 | 68.0          | 689,014 | 96.4          |
| Research and development expenses   | 25,138                                    | 17.2          | 43,676  | 16.5          | 121,404 | 17.0          |
| General and administrative expenses | 12,983                                    | 8.9           | 20,633  | 7.8           | 105,049 | 14.7          |
| Total operating expenses            | 122,655                                   | 84.1          | 244,457 | 92.3          | 915,467 | 128.1         |

Our sales and marketing expenses, research and development expenses and general and administrative expenses include share-based compensation charges. See “— Critical Accounting Policies — Share-Based Compensation” for more information.

## Sales and Marketing Expenses

Sales and marketing expenses consist primarily of brand advertising, PC and mobile traffic acquisition expenses, salaries, benefits, commissions and share-based compensation for our sales, customers services and marketing personnel, promotion expenses and other operating expenses that are associated with sales and marketing activities.

We believe there is still a lot of room to grow classifieds user penetration, particularly on the mobile internet in China. Therefore, we have invested heavily in brand promotion and traffic acquisition, particularly on mobile. We engaged third parties to promote our brand image through various advertising channels, including advertising on internet search engines, websites and traditional offline media. Since 2013, the number of mobile internet users has been growing very rapidly in China as many users have switched from feature phones to smart phones offering a much better mobile internet user experience. Therefore, we have increased our advertising expenses in mobile internet significantly since 2014. Since the Anjuke acquisition in March 2015, we also increased traffic acquisition for our Anjuke platform to gain more market share while the underlying real estate market started to recover. Since the August 2015 integration of Ganji, we have been rationalizing our advertising spending on various platforms and trying to optimizing the efficiency of this spending.

Similarly, paying merchant penetration in key categories such as blue collar jobs, local services and used cars continues to be low. Therefore, we continued to expand our field sales teams and sales agency network to attract more paying merchant members. We increased the size of our field sales teams in 2014 to gain more merchant market share, but slowed down the sales teams' headcount increase in late 2015 to focus more on increasing operating efficiency by leveraging more training, better internal systems and management ability. Our centralized customer services center, which we established in 2012, has played a key role in improving merchant customer service satisfaction and upselling online marketing services. This team has been growing as well but overall remains highly efficient as measured by the number of customers they serve and the online marketing services revenue they generate.

We expect our sales and marketing expenses will increase going forward as we continue to see opportunity in attracting more users, particularly on mobile internet and merchants through our advertising campaign and bigger and more efficient sales and customer services teams.

The following table sets forth our advertising expenses, sales and marketing expenses excluding advertising expenses and total sales and marketing expenses, both as absolute amounts and as percentages of our revenues, for the periods indicated.

|   | For the Year Ended December 31,           |               |         |               |         |               |
|---|---|---------------|---------|---------------|---------|---------------|
|   | 2013                                      |               | 2014    |               | 2015    |               |
|   | US\$                                      | % of revenues | US\$    | % of revenues | US\$    | % of revenues |
|   | (in thousands of US\$, except for % data) |               |         |               |         |               |
| Advertising expenses  | 22,703                                    | 15.6          | 73,435  | 27.7          | 289,069 | 40.4          |
| Sales and marketing expenses excluding advertising expenses | 61,831                                    | 42.4          | 106,713 | 40.3          | 399,945 | 56.0          |
| Total sales and marketing expenses                          | 84,534                                    | 58.0          | 180,148 | 68.0          | 689,014 | 96.4          |

*2015 compared to 2014.* Our sales and marketing expenses increased from US\$180.1 million in 2014 to US\$689.0 million in 2015, representing an increase of 282.5%. Our advertising expenses increased from US\$73.4 million in 2014 to US\$289.1 million in 2015, representing an increase of 293.6%. The increase was primarily a result of increase from the consolidation of Ganji and Anjuke's financials. Within Ganji's numbers, Guazi contributed more of the increase in advertising expenses than did Ganji's own core classifieds business. We also stepped up Anjuke's advertising expenses after the acquisition along with what we perceived as the recovering China real estates market. The year-over-year increase in advertising expenses for our 58 platform in response to increasing competition was also very significant, especially during the first half of 2015, but following the consolidation of Ganji that took place in August 2015, the expenses have been scaled back. The increase in other sales and marketing expenses excluding advertising expenses was driven by both the consolidation of Ganji's and Anjuke's financials and the organic growth in our 58 platform. The increase in 58 businesses was attributable to subsidies paid to service providers on the 58 Home platforms, as well as increased salaries, benefits and commissions as a result of the increased headcount of sales and marketing personnel in response to increased competition with Ganji prior to our consolidation of Ganji.

*2014 compared to 2013.* Our sales and marketing expenses increased from US\$84.5 million in 2013 to US\$180.1 million in 2014, representing an increase of 113.1%, but our advertising expenses increased significantly from US\$22.7 million in 2013 to US\$73.4 million in 2014. The increase in advertising expenses was primarily due to expenses associated with the marketing of our mobile platforms and the acquisition of PC Traffic. Our monthly unique visitors approached 300 million for the first time since our inception in January 2015. The increase in other sales and marketing expenses excluding advertising expenses was primarily driven by increased salaries, benefits and commissions for our sales, customer service and marketing teams as a result of higher compensation levels and an approximately 22.0% increase in monthly average headcount of sales and marketing personnel. It was also driven by the increased marketing and promotional activities.

#### *Research and Development Expenses*

Research and development expenses mainly consist of salaries, benefits and share-based compensation for product development and engineering personnel and other operating expenses such as rental and depreciation of equipment that are associated with product development and engineering activities. We expect our research and development expenses to increase on an absolute basis as we intend to hire additional research and development personnel to develop new features, applications and services for our online platforms and further improve our technologies and infrastructure.

*2015 compared to 2014.* Research and development expenses increased from US\$43.7 million in 2014 to US\$121.4 million in 2015, representing an increase of 178.0%. The increase was primarily due to an increase in research and development expenses associated with our 58 platform, as well as those from our Ganji and Anjuke platforms. The increase was primarily due to increased costs associated with the hiring of additional research and development personnel for the development of new features and services.

*2014 compared to 2013.* Research and development expenses increased from US\$25.1 million in 2013 to US\$43.7 million in 2014, representing an increase of 73.7%. The increase was primarily due to increased salaries, employee benefits and rental expenses as a result of an approximately 50.1% increase in monthly average headcount of research and development personnel for the development of new features and services.

#### *General and Administrative Expenses*

General and administrative expenses consist primarily of salaries, benefits and share-based compensation for our general and administrative personnel, general office expenses and fees and expenses for third-party professional services. We expect our general and administrative expenses to increase in the future on an absolute basis as our business grows.

*2015 compared to 2014.* Our general and administrative expenses increased from US\$20.6 million in 2014 to US\$105.0 million in 2015, representing an increase of 409.1%. This increase was primarily due to share-based compensation expenses and approximately US\$34.7 million in professional fees associated with our strategic investment in Ganji. The increase was also partially due to an increase in the number of support staff hired to support the expansion of our sales teams.

*2014 compared to 2013.* Our general and administrative expenses increased from US\$13.0 million in 2013 to US\$20.6 million in 2014, representing an increase of 58.9%. Such increase was primarily due to increase in personnel related expenses, including share-based compensation expenses as a result of an approximately 13.3% increase in monthly average headcount of administrative personnel and professional fees associated with being a public company.

#### **Seasonality**

Our results of operations are subject to seasonal fluctuations. For example, our revenues are typically lower during the holidays in China, particularly during the Chinese New Year period, which occurs in the first quarter of the year. Many businesses are either closed or substantially reduce their activities, including hiring and marketing, during the Chinese New Year holiday. However, the impact on our first quarter may be tempered by the tendency for brand advertising to be quite concentrated both during and after the Chinese New Year period, as advertisers seek to reach a broader audience during the holiday season. Aside from the impact of seasonality on the first quarter, certain business activities such as recruitment tend to slow down towards the year end, which might impact our revenues in the fourth quarter of the year. Historically, seasonality has not been readily apparent in our results of operations due to the rapid growth in revenues that we experienced in recent years, but we may experience reductions in growth on a successive quarter basis due to these seasonal factors or due to other factors .

Our results of operations for the first quarter of 2016 may be affected by similar trends and key factors that affected our previous first quarters in the past. For the first quarter of 2016, we have experienced similar seasonal impact on our estimated revenue for the quarter, and we have also incurred increased sales and marketing expenses due to marketing campaigns conducted during this period.

## **Inflation**

Since our inception, inflation in China has not materially impacted our results of operations. According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index for December 2013, 2014 and 2015 were increases of 2.5%, 1.5% and 1.6%, respectively. Although we have not been materially affected by inflation in the past, we can provide no assurance that we will not be affected in the future by higher rates of inflation in China. For example, certain operating costs and expenses such as employee compensation and office operating expenses may increase as a result of higher inflation. Additionally, because a substantial portion of our assets consists of cash and cash equivalents, term deposits and short-term investments, high inflation could significantly reduce the value and purchasing power of these assets. We are not able to hedge our exposure to higher inflation in China.

## **Impact of Foreign Currency Fluctuation**

See “Item 3. Key Information — D. Risk Factors — Risks Related to Doing Business in China — Fluctuations in exchange rates could have a material adverse effect on our results of operations and the value of your investment.” and “Item 11. Quantitative and Qualitative Disclosures About Market Risk — Foreign Exchange Risk.”

## **Impact of Governmental Policies**

See “Item 3. Key Information — D. Risk Factors — Risks Related to Doing Business in China” and “Item 4. Information on the Company — B. Business Overview — Regulation.”

## **B. Liquidity and Capital Resources**

### **Cash Flows and Working Capital**

Our principal sources of liquidity have been financing activities and operating activities.

In November 2013, we raised an aggregate of approximately US\$215.0 million in net proceeds from our initial public offering and concurrent private placement. In April 2014, we raised an additional US\$73.0 million from a follow-on public offering of ADSs by us and certain selling shareholders. In June 2014, Tencent invested US\$736.1 million in our company, of which we used US\$552.1 million to repurchase our ordinary shares from certain pre-IPO shareholders. In April 2015, Tencent purchased an additional US\$400.0 million of newly issued ordinary shares from us. In July 2015, we obtained a loan from Tencent in an aggregate principal amount of US\$400.0 million. In December 2015, we and Tencent entered into an amendment to the loan agreement, pursuant to which we issued 4,267,344 Class A ordinary shares to Tencent and the principal amount of the loan under the loan agreement was reduced to US\$275 million. In April 2016, we obtained a secured loan of US\$275 million from China Merchants Bank Co., Ltd. and used the proceeds from this loan to repay our amended loan from Tencent.

Additionally, in November 2015, 58 Home raised US\$300.0 million in a Series A equity funding round, of which US\$10.0 million was contributed by 58.com Inc.

We had net cash provided by operating activities of US\$66.3 million, US\$98.6 million and US\$10.8 million in 2013, 2014 and 2015, respectively. The decrease in net cash provided by operating activities in 2015 was due in part to professional fees associated with our strategic investment in Ganji that year.

As of December 31, 2015, we had cash and cash equivalents and short-term investments totaling US\$524.5 million. These included (i) US\$483.3 million in cash and cash equivalents, which primarily consisted of cash, demand deposits and highly liquid investments placed with banks or other financial institutions that have original maturities of three months or less, (ii) US\$41.2 million in short-term investments, representing US\$29.3 million investment funds placed with banks with terms shorter than three months and (iii) US\$11.9 million in available-for-sale securities in a public company. As of December 31, 2015, our current liabilities exceeded our current assets by US\$499.8 million. Our ability to continue as a going concern is dependent on our ability to successfully execute our business plan, which includes increasing revenues while controlling operating expenses, as well as generating cash flows from operating activities and continuing to gain support from outside sources of financing. We can adjust the pace of our operation expansion and control our operating expenses. Based on the above considerations, we believe that we have sufficient funds to meet our working capital requirements and debt obligations in the ordinary course of business for the next twelve months.

Although we consolidate the results of our consolidated affiliated entities and their subsidiaries, our access to cash balances or future earnings of these entities is only through our contractual arrangements with them and their shareholders. See “Item 4. Information on the Company — C. Organizational Structure — Our Contractual Arrangements.”

### **Cash Flow**

The following table sets forth a summary of our cash flows for the periods indicated.

|  | <b>For the Year Ended December 31,</b> |               |                |
|--|--|---------------|----------------|
|  | <b>2013</b>                            | <b>2014</b>   | <b>2015</b>    |
|  | (in thousands of US\$)                 |               |                |
| Net cash provided by/(used in):                              |  |               |                |
| Operating activities   | 66,304                                 | 98,585        | 10,785         |
| Investing activities   | (230,046)                              | (305,272)     | (443,181)      |
| Financing activities   | 213,343                                | 257,430       | 804,993        |
| Effect of exchange rate changes on cash and cash equivalents | 224                                    | 139           | (668)          |
| Net increase in cash and cash equivalents                    | <u>49,825</u>                          | <u>50,882</u> | <u>371,929</u> |

### *Operating Activities*

Net cash provided by operating activities was US\$10.8 million in 2015. Our net cash provided by operating activities in 2015 reflected a net loss of US\$263.0 million, adjusted for non-cash items of US\$109.4 million and changes in operating assets and liabilities of US\$164.4 million. Non-cash reconciling items mainly included investment loss of US\$149.0 million, gain on deconsolidation and disposal of businesses of US\$119.2 million, depreciation and amortization expenses of US\$33.2 million and share-based compensation expenses of US\$28.1 million. Changes in operating assets and liabilities mainly represented an increase in customer advances and deposits of US\$70.4 million, an increase in deferred revenues of US\$46.7 million, an increase in accounts payable of US\$41.9 million, an increase in accrued expenses and other current liabilities of US\$23.8 million and an increase in salary and welfare payable of US\$22.5 million, partially offset by an increase in accounts receivable of US\$24.2 million and an increase in prepayments and other current assets of US\$16.8 million. Deferred revenues and customer advances and deposits increased as the collection of our membership services and online marketing services grew rapidly as a result of rapid growth in the number of paying membership accounts. The increase in accounts payable was primarily due to our consolidation of the financial statements of Ganji and Anjuke, and the year-over-year increase in advertising expenses for the 58.com platforms primarily resulted from increasing competition. The increase in accounts receivable was primarily due to our consolidation of Anjuke's financials.

Net cash provided by operating activities was US\$98.6 million in 2014. Our net cash provided by operating activities in 2014 reflected a net income of US\$22.6 million, adjusted for non-cash items of US\$12.2 million and changes in operating assets and liabilities of US\$63.8 million. Non-cash reconciling items mainly included depreciation and amortization expenses of US\$5.6 million and share-based compensation expenses of US\$6.2 million. Changes in operating assets and liabilities mainly represented an increase in deferred revenues of US\$40.2 million, increase in customer advances and deposits of US\$14.6 million, increase in salary and welfare payable of US\$10.8 million, an increase in accounts payable of US\$6.0 million and an increase in accrued expenses and other current liabilities of US\$5.0 million, partially offset by an increase in prepayments and other current assets of US\$16.0 million. Deferred revenues and customer advances and deposits increased as the collection of our membership services and online marketing services grew rapidly.

Net cash provided by operating activities was US\$66.3 million in 2013. Our net cash provided by operating activities in 2013 reflected a net income of US\$19.6 million, adjusted for non-cash items of US\$7.0 million and changes in operating assets and liabilities of US\$39.7 million. Non-cash reconciling items mainly included depreciation and amortization expenses of US\$4.7 million and share-based compensation expenses of US\$2.9 million. Changes in operating assets and liabilities mainly represented an increase in deferred revenues of US\$26.1 million, increase in customer advances and deposits of US\$10.3 million, an increase in accrued expenses and other current liabilities of US\$3.4 million, partially offset by a decrease in accounts payable of US\$2.6 million and increase in accounts receivable of US\$1.1 million. Deferred revenues and customer advances and deposits increased as the collection of our membership services and online marketing services grew rapidly.

### *Investing Activities*

Net cash used in investing activities primarily consists of capital expenditures, mainly for purchases of servers and other equipment, investment in short-term financial instruments and term deposits to increase the interest income for our excess cash, purchase of office space, long-term investments and business acquisitions. We expect that our capital expenditures will increase as we purchase additional equipment and servers and expand our technology infrastructure to support the growth of our business.

Our net cash used in investing activities was US\$230.0 million, US\$305.3 million and US\$443.2 million in 2013, 2014 and 2015, respectively. Our cash used in investing activities in 2015 was primarily due to cash paid for investment in Ganji of US\$534.5 million, and acquisition of Anjuke of US\$124.6 million. In 2014 and 2015, we paid US\$16.8 million and US\$168.6 million for purchase of office space in Beijing and Tianjin headquarters. In 2013, 2014 and 2015, cash used in investing activities included US\$397.3 million, US\$652.9 million and US\$471.8 million that we used to purchase short-term financial instruments, which was partially offset by US\$323.6 million, US\$535.3 million and US\$709.4 million of proceeds from maturity of short-term investments, respectively. We purchased term deposits of US\$20 million, offset by US\$324.6 million of proceeds from maturity of term deposits in 2015 with maturity over three months. We also used US\$4.2 million, US\$15.7 million and US\$26.8 million to purchase other property and equipment in 2013, 2014 and 2015, respectively.

#### *Financing Activities*

Net cash provided by financing activities primarily consists of net proceeds from the issuance of ordinary and preference shares as well as borrowing from an existing shareholder.

Our net cash provided by financing activities in 2015 was US\$805.0 million, primarily attributable to the proceeds from borrowing of short-term loans of US\$401.6 million, and the proceeds from issuance of ordinary shares to Tencent of US\$400.0 million. Our net cash provided by financing activities in 2014 was US\$257.4 million, primarily attributable to the net proceeds from our follow-on public offering and the investment by Tencent. Our net cash provided by financing activities in 2013 was US\$213.3 million, primarily attributable to the net proceeds from our initial public offering.

#### **Holding Company Structure**

We are a holding company with no material operations of our own. We conduct our operations primarily through our wholly owned subsidiaries and consolidated affiliated entities in China. As a result, our ability to pay dividends to our shareholders depends upon dividends paid by our PRC subsidiaries. If our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us. In addition, our PRC subsidiaries are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, each of our subsidiaries and our consolidated variable interest entities in China is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of its registered capital. In addition, each of our subsidiaries and consolidated affiliated entities in China may allocate a portion of its after-tax profits based on PRC accounting standards to staff welfare and bonus funds at its discretion. These reserve funds and staff welfare and bonus funds are not distributable as cash dividends. Most of our PRC subsidiaries and consolidated affiliated entities have incurred accumulated losses. Our PRC subsidiaries have never paid dividends and do not plan to pay dividends until they generate accumulated profits and meet the requirements for statutory reserve funds.

## Capital Expenditures

We had capital expenditures of US\$4.2 million, US\$32.5 million and US\$196.9 million in 2013, 2014 and 2015, respectively, representing 2.9%, 12.3% and 27.5% of our total revenues for such years. Our capital expenditures were primarily for the purchase of servers, other equipment and office buildings. In 2014 and 2015, we prepaid US\$16.8 million and US\$168.6 million for the purchase of new office spaces. Our capital expenditures have been primarily funded by net cash provided by financing activities and net cash provided by operating activities.

## C. Research and Development

As of December 31, 2015, we had 2,744 product development and engineering professionals who focus on developing products to deliver and enhance user experience. We have developed a robust technology platform capable of efficiently processing large amounts of data, screening the relevance and credibility of information, and delivering a superior search indexing function. Our system is built on a distributed, load balanced computing infrastructure, which is highly scalable and reliable. This allows us to expand processing capacity and add new features and functionalities efficiently without incurring significant additional costs.

Our success and ability to compete depend, in part, upon our ability to establish and adequately protect our intellectual property rights. In this regard, we rely primarily on a combination of patent, copyright, software registration, trademark, trade secret and unfair competition laws and contractual rights, such as confidentiality and license agreements with our employees, partners and others. As of March 31, 2016, we held 16 patents and had applied for the registration of 111 other patents, which cover a variety of technologies, including those relating to data processing, search, distribution and publishing. As of March 31, 2016, we had registered 166 computer software copyrights and 49 artwork copyrights in China, and had registered 35 domain names that are material to our business, including *www.58.com*, *www.58.com.cn*, *www.anjuku.com* and *www.anjuku.cn*, and 136 trademarks, including 58同城, 58集团 and Anjuku, in China, excluding those relating to 58 Home. As of March 31, 2016, Ganji had registered 31 computer software copyrights and 1 artwork copyright in China and had registered 4 domain names that are material, including *www.ganji.com* and *www.ganji.com.cn*, as well as 249 trademarks.

## D. Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the period since January 1, 2015 that are reasonably likely to have a material adverse effect on our net revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

## E. Off-Balance Sheet Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

## F. Tabular Disclosure of Contractual Obligations

We lease our facilities and offices under non-cancelable operating lease agreements. Certain of these arrangements have renewal or expansion options and adjustments-for-market provisions, such as free or escalating base monthly rental payments.

We use third-party services for server custody and bandwidth. The contracts are typically 12 months in duration. We typically contract these services according to the traffic level of our online platforms and the respective server storage and bandwidth required to support the traffic.

The following table sets forth our contractual obligations and commercial commitments as of December 31, 2015:

|  | Payment Due by Period |                     |                        |            |                      |
|--|-----------------------|---------------------|------------------------|------------|----------------------|
|  | Total                 | Less than<br>1 year | 1–3 years              | 3–5 years  | More than<br>5 years |
|  |                       |                     | (in thousands of US\$) |            |                      |
| Operating lease commitment                 | 49,055                | 20,047              | 28,090                 | 316        | 602                  |
| Server custody fee commitment              | 6,448                 | 3,240               | 3,208                  | —          | —                    |
| Advertising commitment                     | 150,165               | 150,165             | —                      | —          | —                    |
| Amended Convertible Note issued to Tencent | 283,679               | 283,679             | —                      | —          | —                    |
| <b>Total</b>                               | <b>489,347</b>        | <b>457,131</b>      | <b>31,298</b>          | <b>316</b> | <b>602</b>           |

In April 2016, we obtained a secured loan of US\$275 million from China Merchants Bank Co., Ltd. The loan is interest bearing and has a 13-month tenor. The proceeds from this loan have been used to repay our amended loan from Tencent. The outstanding amount of the loan from China Merchants Bank Co., Ltd. is US\$275 million as of the date of this annual report. According to the loan agreement, the principal amount will be repaid in four installments, with three installments totaling US\$167.5 million due in 2016 and the fourth installment of US\$107.5 million due on April 21, 2017.

## G. Safe Harbor

This annual report on Form 20-F contains forward-looking statements. These statements are made under the “safe harbor” provisions of Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates,” “confident” and similar statements. Among other things, the sections titled “Item 3. Key Information — D. Risk Factors,” “Item 4. Information on the Company,” and “Item 5. Operating and Financial Review and Prospects” in this annual report on Form 20-F, as well as our strategic and operational plans, contain forward-looking statements. We may also make written or oral forward-looking statements in our filings with the SEC, in our annual report to shareholders, in press releases and other written materials and in oral statements made by our officers, directors or employees to third parties. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements and are subject to change, and such change may be material and may have a material and adverse effect on our financial condition and results of operations for one or more prior periods.

Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those contained, either expressly or impliedly, in any of the forward-looking statements in this annual report on Form 20-F. Potential risks and uncertainties include, but are not limited to, our goals and strategies, our future business development, financial condition and results of operations, ability to retain and grow our user base and network of local merchants for our online platforms, the growth of, and trends in, the markets for our services in China, the demand for and market acceptance of our brand and services, competition in our industry in China, our ability to maintain the network infrastructure necessary to operate our website and mobile applications, relevant government policies and regulations relating to the corporate structure, business and industry, and our ability to protect its users’ information and adequately address privacy concerns. All information provided in this annual report on Form 20-F and in the exhibits is as of the date of this annual report on Form 20-F, and we do not undertake any obligation to update any such information, except as required under applicable law.

## ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### A. Directors and Senior Management

The following table sets forth information regarding our executive officers and directors as of the date of this annual report.

| <b>Directors and Executive Officers</b> | <b>Age</b> | <b>Position/Title</b>                                       |
|---|------------|---|
| Jinbo Yao                               | 39         | Chairman and Chief Executive Officer                        |
| Xiaoguang Wu                            | 40         | Director  |
| Dong Yang                               | 44         | Independent Director  |
| Frank Lin                               | 51         | Independent Director  |
| Herman Yu                               | 45         | Independent Director  |
| Chi (Eric) Zhang                        | 40         | Independent Director  |
| Hao Zhou                                | 39         | Chief Financial Officer                                     |
| Xiaohua Chen                            | 34         | Chief Strategic Officer; Chief Executive Officer of 58 Home |
| Hongyu Xing                             | 43         | Chief Technology Officer                                    |
| Jiandong Zhuang                         | 47         | Executive Vice President of Housing Business Group (HBG)    |
| Chuan Zhang                             | 40         | Executive Vice President of Listing Business Group (LBG)    |

*Mr. Jinbo Yao* is our founder and has served as chairman of our board of directors and chief executive officer of our company since our inception. Mr. Yao is a pioneer in the PRC internet industry. Before founding our company, in 2000, Mr. Yao founded domain.cn, a domain name transaction and value-added service website in China. After domain.cn was acquired by net.cn in September 2000, Mr. Yao served various managerial roles at net.cn including vice president of sales until 2005. Mr. Yao currently serves on the board of directors of Xueda Education Group, a company he co-founded and listed on the NYSE and Noah Holdings Limited, a company listed on the NYSE. Mr. Yao received bachelor's degrees in computer science and chemistry from Ocean University of China (formerly known as Ocean University of Qingdao) in 1999.

*Mr. Xiaoguang Wu* has served as our director since August 2014. Mr. Wu has served as a senior executive vice president at Tencent. Mr. Wu joined Tencent in 1999 to lead development and product planning for Tencent's core product QQ instant messaging. He served successively as project manager for QQ's research and development team, general manager for IM Products, and general manager for internet business division. Mr. Wu was promoted to senior vice president of Internet Services Division and chief executive officer of Tencent E-Commerce Holdings Limited. Mr. Wu also serves on the board of directors of eLong, Inc., a NASDAQ-listed company, Wanda Electronic Commerce Technology Co., Ltd., Shanghai New Feifan E-commerce Co., Ltd., Okay Buy (China) Holding Inc., Nanjing Wangdian Technology Co., Ltd. and Yixun.com. Mr. Wu received his bachelor's degree in weather dynamics from Nanjing University in 1996 and an EMBA degree from China Europe International Business School (CEIBS) in 2008.

*Mr. Dong Yang* has served as our director since August 2006. Mr. Yang is a general partner of SAIF Partners, a private equity firm. Prior to becoming a general partner in 2004, he served as a director at SAIF Partners from 2001 to 2004. From 2000 to 2001, he was an investment officer and director at Softbank China Venture Capital. Mr. Yang currently serves on the board of directors of several companies, including MOBI Development C., Ltd., a HKSE-listed company. Mr. Yang received his bachelor's degree in computer science from Tsinghua University in 1995, and his master's degree in accounting from University of Southern California in 1997. Mr. Yang is a Chartered Financial Analyst.

*Mr. Frank Lin* has served as our director since March 2010. Mr. Lin is a general partner of DCM, an early stage technology venture capital firm. Prior to joining DCM in 2006, Mr. Lin was chief operating officer of SINA Corporation, a NASDAQ-listed company. He co-founded sina.com's predecessor company, SinaNet, in 1995 and later guided the company through its listing on NASDAQ. Prior to founding SinaNet, Mr. Lin was a consultant at Ernst & Young Management Consulting Group. He had also held various marketing, engineering and managerial positions at Octel Communication Inc. and NYNEX. Mr. Lin currently serves on the board of directors of numerous companies invested by DCM, including Vipshop Holdings Limited, a NYSE-listed company, and Tuniu Corporation, a NASDAQ-listed company. Mr. Lin received his bachelor's degree in engineering from Dartmouth College and a master's degree in business administration from Stanford University.

*Mr. Herman Yu* has served as our director and chair of the audit committee of our board of directors since October 2013. Mr. Yu has been the chief financial officer of Weibo Corporation (Weibo), a NASDAQ-listed company, since March 2015. Prior to that, Mr. Yu worked at SINA Corporation (SINA), which is listed on NASDAQ, as chief financial officer from August 2007 to March 2015, as acting chief financial officer from May 2006 to August 2007 and as vice president and corporate controller from September 2004 to May 2006. Prior to joining SINA, Mr. Yu worked at Adobe Systems from January 1999 to September 2004, in the positions of chief auditor and corporate marketing controller. Mr. Yu also held various finance and accounting management positions at Cadence Design Systems, Inc. and VeriFone, Inc. Mr. Yu began his career with Arthur Andersen and is a California Certified Public Accountant. Mr. Yu is currently a director of Tiange, a live, social video platform company listed on the HKSE. Mr. Yu holds a master's degree in Accountancy from the University of Southern California and a bachelor's degree in economics from the University of California, Santa Cruz.

*Mr. Chi (Eric) Zhang* has served as our director and a member of the nominating and corporate governance committee of our board of directors since November 2015. From 2006 to May 2016, Mr. Zhang served as a managing director of Carlyle where he focused on Asia buyout opportunities. Mr. Zhang also serves as Co-Chairman of Crystal Orange Hotel Group and as Vice Chairman of Plateno Group Holdings (previously 7 Days Group Holdings Limited), and is a member of the board of directors of SouFun Holdings Limited, a NYSE-listed company, China Reading Group Limited, AnNeng Logistics Group, Kaiyuan Hotel Group, and New Century Asset Management Co. Ltd. Before joining Carlyle, Mr. Zhang was a vice president in the M&A group at Credit Suisse in Hong Kong. Prior to that, he was a vice president of the investment banking department at China International Capital Corporate Limited (CICC) in Beijing where he worked for six years. Mr. Zhang received his master's degree in economics from the Shanghai University of Finance and Economics in China.

*Mr. Hao Zhou* has served as our chief financial officer since May 2011. Prior to joining our company, Mr. Zhou was chief financial officer in CITIC Pharmaceutical Co., Ltd. since September 2010. From May 2009 to September 2010, Mr. Zhou held two senior management positions at Wuxi PharmaTech (Cayman) Inc., a NYSE-listed company, with the latest position as the chief financial officer. From 1998 to 2009, Mr. Zhou held various senior finance managerial positions at General Electric Company and served as the senior finance manager of Greater China from 2007 to 2009. Mr. Zhou received his bachelor's degree from Shanghai International Studies University in 1998.

*Mr. Xiaohua Chen* has served as our chief strategic officer since August 2014 and the chief executive officer of 58 Home since May 2014. Mr. Chen served as our senior vice president of product management and website operation from December 2007 to August 2014. From June to December 2007, Mr. Chen served as head of product department at ganji.com responsible for product management and customer experience. Prior to joining ganji.com, he was the senior project manager and chief editor at Xiamen Haowei Network Technology Co., Ltd. Mr. Chen is a co-founder of dunsh.org, a nonprofit search engine optimization website in China. While in college, Mr. Chen co-founded 0755.org.cn, one of the earliest online classifieds providers in China. Mr. Chen received a bachelor's degree in material formation from Xiangtan University in 2004.

*Mr. Hongyu Xing* has served as our chief technology officer since March 2016. Mr. Xing has more than 10 years of experience in the internet industry. Mr. Xing joined us in February 2015 as a senior vice president. Prior to joining us, Mr. Xing held various positions at Tencent including general manager in charge of search products, network and media products and microblogs from June 2005 to February 2015. Prior to that, Mr. Xing worked at IBM China's Research Center from April 1999 to March 2000. Mr. Xing received a master's degree in electronics engineering from Tsinghua University in 1999.

*Mr. Jiandong Zhuang* has served as the Executive Vice President of Housing Business Group (HBG) since March 2015. Prior to that, Mr. Zhuang served as our senior vice president of sales from September 2007. From January 2005 to January 2007, Mr. Zhuang founded and managed Beijing Yingpu Bailian Technology Trading Co., Ltd., a SMS website and wireless service operator. Prior to founding his own company, Mr. Zhuang managed the China Unicom CDM operation and sales at Beijing Lianyin Investment Co., Ltd from May 2003 to December 2004. Mr. Zhuang received a bachelor's degree in chemistry from Capital Normal University in 1991.

*Mr. Chuan Zhang* has served as executive vice president of Listing Business Group (LBG) since March 2015. Prior to that, Mr. Zhang served as senior vice president of product management from August 2014. Mr. Zhang served as our vice president of product management from September 2011 to August 2014. From July 2006 to September 2011 Mr. Zhang served as head of Baidu Union product department at Baidu Inc. responsible for Baidu Union product development and operation. Mr. Zhang served as the senior product manager at the mobile department of UFIDA Software Co. Ltd. from May 2005 to July 2006. Prior to joining UFIDA, Mr. Zhang was a product development manager at the Planning Board for the Center of Information at the Ministry of Education. Mr. Zhang is currently an executive director of Hangzhou Lianqiao Network technology Co., Ltd. and a director of Beijing Xinchong Partners Information technology Co., Ltd. Mr. Zhang received a bachelor's degree in mathematics from Beijing Normal University in 1997 and an MBA degree from Tsinghua University in 2003.

## **B. Compensation**

We paid an aggregate of approximately RMB11.7 million (US\$1.8 million) in cash to our executive officers in 2015, and we paid approximately US\$35 thousand in cash compensation to our independent directors.

## **Employment Agreements and Indemnification Agreements**

We have entered into employment agreements with each of our executive officers. We may terminate an executive officer's employment for cause at any time without advance notice or remuneration for certain acts of the officer, such as conviction or guilty plea to a felony or any crime involving moral turpitude, negligent or dishonest acts to our detriment, or misconduct or a failure to perform agreed duties. We may also terminate an executive officer's employment without cause by giving one-month advance written notice. In such case of termination by us, we will provide severance payments to the executive officer as expressly required by applicable law of the jurisdiction where the executive officer is based. An executive officer may resign at any time by giving one-month advance written notice.

Each executive officer has agreed to hold, both during and after the termination or expiry of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her duties in connection with the employment or pursuant to applicable law, any of our confidential information or trade secrets, any confidential information or trade secrets of our clients or prospective clients, or the confidential or proprietary information of any third party received by us and for which we have confidential obligations. The executive officers have also agreed to disclose in confidence to us all inventions, designs and trade secrets which they conceive, develop or reduce to practice during the executive officer's employment with us and to assign all right, title and interest in them to us, and assist us in obtaining and enforcing patents, copyrights and other legal rights for these inventions, designs and trade secrets.

In addition, each executive officer has agreed to be bound by non-competition and non-solicitation restrictions during the term of his or her employment and typically for one year following the last date of employment. Specifically, each executive officer has agreed not to (i) approach our suppliers, clients, customers or contacts or other persons or entities introduced to the executive officer in his or her capacity as a representative of us for the purpose of doing business with such persons or entities that will harm our business relationships with these persons or entities; (ii) assume employment with or provide services to any of our competitors, or engage, whether as principal, partner, licensor or otherwise, any of our competitors, without our express consent; or (iii) seek directly or indirectly, to solicit the services of any of our employees who is employed by us on or after the date of the executive officer's termination, or in the year preceding such termination, without our express consent.

We have also entered into indemnification agreements with each of our directors and executive officers. Under these agreements, we agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our company.

## **Share Incentive Plans**

We have adopted two share incentive plans, namely, the 2010 Plan and the 2013 Plan. The purpose of these two share incentive plans is to attract, motivate and retain the best available personnel by linking their personal interests to the success of our business. As of February 29, 2016, options and restricted share units to purchase 4,872,214 ordinary shares were issued and outstanding under the 2010 Plan, and 12,389,414 ordinary shares were issued and outstanding under the 2013 Plan.

### ***The 2010 Employee Stock Option Plan***

The maximum number of shares in respect of which share awards may be granted under the 2010 Plan is 20,173,225. The following paragraphs summarize the terms of the 2010 Plan.

***Plan Administration.*** The plan administrator is our board of directors, or one or more committees designated by our board of directors. The plan administrator will determine the provisions and terms and conditions of each grant.

***Award Agreement.*** Options granted under the plan are evidenced by an award agreement that sets forth the terms, conditions and limitations for each grant.

**Option Exercise Price.** The exercise price subject to an option shall be determined by the plan administrator and set forth in the award agreement. The exercise price may be amended or adjusted by the administrator for the benefit of any eligible person.

**Eligibility.** We may grant awards to our directors, officers, employees and consultants of our company or any of our subsidiaries.

**Term of the Awards.** The term of each option grant shall not exceed 10 years from the date of the grant.

**Vesting Schedule.** In general, the plan administrator determines the vesting schedule or conditions, which is set forth in the award agreement.

**Transfer Restrictions.** Awards for options may not be transferred in any manner by the award holders and may be exercised only by such holders, subject to limited exceptions. However, the award holder shall be permitted to transfer options to a trust controlled by such award holder during his or her lifetime for estate planning purposes.

**Termination of Employment or Service.** In the event that an award recipient ceases employment with us or ceases to provide services to us, any vested options will generally terminate after a period of time following the termination of employment if the award recipient does not exercise the options during this period.

**Termination and Amendment of the Plan.** Unless terminated earlier, the 2010 Plan will terminate automatically in 2020. Our board of directors has the authority to amend or terminate the plan subject to shareholder approval with respect to certain amendments. However, no such action may adversely affect in any material way any awards previously granted unless agreed by the recipient.

### **The 2013 Share Incentive Plan**

We adopted the 2013 Plan in September 2013. The maximum aggregate number of shares which may be issued pursuant to all awards under the 2013 Plan was 2,800,000 Class A ordinary shares as of the date of its adoption. The 2013 Plan contains an evergreen provision, pursuant to which the number of shares reserved for future issuances under the 2013 Plan will be increased by a number equal to 1.5% of the total number of outstanding shares on the last day of the immediately preceding calendar year, on the first day of each calendar year during the term of the 2013 Plan beginning in 2015, or such lesser number of Class A ordinary shares as determined by our board of directors. As a result, at the beginning of 2015, the maximum aggregate number of shares which may be issued pursuant to all awards under the 2013 Plan increased by 2,645,628 Class A ordinary shares to 5,445,628 Class A ordinary shares. In addition, in connection with our acquisition of a strategic stake in Ganji in April 2015, our board of directors further increased the maximum aggregate number of shares which may be issued pursuant to all awards under the 2013 Plan by an additional 7,000,000 Class B ordinary shares, reserved for future grants. With the approval of shareholders at the annual general meeting held on December 17, 2015, the maximum aggregate number of shares which may be issued pursuant to all awards under the 2013 Plan increased further by 1,240,500 Class A ordinary shares to a total of 13,686,128 ordinary shares, consisting of 6,686,128 Class A ordinary shares and 7,000,000 Class B ordinary shares, plus any applicable annual increase pursuant to the evergreen provision under the 2013 Plan beginning in 2016. Taking into account the annual increase at the beginning of 2016 pursuant to the evergreen provision, the maximum aggregate number of shares which may be issued pursuant to all awards under the 2013 Plan increased by 4,246,030 Class A ordinary shares to a total of 17,932,158 ordinary shares, consisting of 10,932,158 Class A ordinary shares and 7,000,000 Class B ordinary shares, as of the date of this annual report.

The following paragraphs describe the principal terms of the 2013 Plan.

**Types of Awards.** The 2013 Plan permits the awards of options, restricted shares, restricted share units or any other type of awards that the committee or the board decides.

**Plan Administration.** Our board of directors, our compensation committee or a committee designated by our board will administer the 2013 Plan. The committee or the full board of directors, as applicable, will determine the participants to receive awards, the type and number of awards to be granted to each participant, and the terms and conditions of each award grant.

**Award Agreement.** Awards granted under the 2013 Plan are evidenced by an award agreement that sets forth terms, conditions and limitations for each award, which may include the term of the award, the provisions applicable in the event of the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind the award.

**Eligibility.** We may grant awards to our employees, directors and consultants of our company. However, we may grant options that are intended to qualify as incentive share options only to our employees and employees of our parent companies and subsidiaries.

**Acceleration of Awards upon Change in Control.** If a change in control of our company occurs, the plan administrator may, in its sole discretion, provide for (i) all awards outstanding to terminate at a specific time in the future and give each participant the right to exercise the vested portion of such awards during a specific period of time, or (ii) the purchase of any award for an amount of cash equal to the amount that could have been attained upon the exercise of such award, or (iii) the replacement of such award with other rights or property selected by the plan administrator in its sole discretion, or (iv) payment of award in cash based on the value of ordinary shares on the date of the change-in-control transaction plus reasonable interest.

**Vesting Schedule.** In general, the plan administrator determines the vesting schedule, which is specified in the relevant award agreement.

**Exercise of Options.** The plan administrator determines the exercise price for each award, which is stated in the award agreement. The vested portion of option will expire if not exercised prior to the time as the plan administrator determines at the time of its grant. However, the maximum exercisable term is the tenth anniversary after the date of a grant.

**Transfer Restrictions.** Awards may not be transferred in any manner by the recipient other than by will or the laws of descent and distribution, except as otherwise provided by the plan administrator.

**Termination of the 2013 Plan.** Unless terminated earlier, the 2013 Plan will terminate automatically in 2023. Our board of directors has the authority to amend or terminate the plan subject to shareholder approval or home country practice.

#### ***The 58 Home 2015 Share Incentive Plan***

58 Home adopted the 58 Home 2015 Plan in February 2015. The maximum aggregate number of shares which may be issued pursuant to all awards under the 58 Home 2015 Plan is 20,000,000 ordinary shares of 58 Home. In connection with the Series A round of equity financing that closed in November 2015, the maximum aggregate number of shares which may be issued under the 58 Home 2015 Plan was increased by 2,000,000 ordinary shares of 58 Home. The 58 Home 2015 Plan permits the awards of options, restricted shares and restricted share units. Unless terminated earlier, the 58 Home 2015 Plan will terminate automatically in 2025.

The following table summarizes, as of February 29, 2016, outstanding options and restricted share units held by our executive officers and directors under our 2010 Plan and 2013 Plan.

| Name            | Ordinary shares Underlying Options Awarded and Restricted Share Units | Exercise Price (US\$/Share) | Date of Grant     | Date of Expiration |
|-----------------|---|-----------------------------|-------------------|--------------------|
| Jinbo Yao       | *   | 0                           | August 24, 2015   | August 23, 2025    |
| Hao Zhou        | *   | 2.220                       | May 31, 2011      | May 30, 2021       |
|                 | *   | 2.500                       | July 31, 2013     | July 30, 2023      |
|                 | *   | 5.600                       | October 14, 2013  | October 13, 2023   |
|                 | *   | 0                           | August 24, 2015   | August 23, 2025    |
|                 | *   | 20.980                      | August 24, 2015   | August 23, 2025    |
| Xiaohua Chen    | *   | 2.500                       | July 31, 2013     | July 30, 2023      |
|                 | *   | 5.600                       | October 14, 2013  | October 13, 2023   |
| Hongyu Xing     | *   | 0                           | February 27, 2015 | February 26, 2025  |
|                 | *   | 18.675                      | February 27, 2015 | February 26, 2025  |
|                 | *   | 20.980                      | August 24, 2015   | August 23, 2025    |
| Jiandong Zhuang | *   | 0                           | April 13, 2015    | April 13, 2025     |
|                 | *   | 0                           | August 24, 2015   | August 23, 2025    |
| Chuan Zhang     | *   | 2.300                       | November 30, 2011 | November 29, 2021  |
|                 | *   | 2.300                       | May 31, 2012      | May 30, 2022       |
|                 | *   | 2.500                       | July 31, 2013     | July 30, 2023      |
|                 | *   | 5.600                       | October 14, 2013  | October 13, 2023   |
|                 | *   | 0                           | August 24, 2015   | August 23, 2025    |
|                 | *   | 20.980                      | August 24, 2015   | August 23, 2025    |
| Herman Yu       | *   | 8.500                       | October 30, 2013  | October 29, 2023   |

\* Less than one percent of our total outstanding share capital.

As of February 29, 2016, other employees as a group held options and restricted share units to purchase 12,906,630 ordinary shares of our company, with exercise prices ranging from nil to US\$38.14 per ordinary share.

In February and April 2015, 58 Home granted options to purchase an aggregate of 8,921,000 ordinary shares of 58 Home to its employees and to the employees of certain other subsidiaries and affiliated companies of our company. In February 2015, 58 Home granted 9,100,000 restricted shares to selected management members of 58 Home. In April 2015, 58 Home further granted 1,880,000 restricted shares of 58 Home to an executive officer of our company.

### C. Board Practices

Our board of directors currently consists of seven directors. A director is not required to hold any shares in our company to qualify to serve as a director. A director may vote with respect to any contract, proposed contract, or arrangement in which he or she is materially interested. A director may exercise all the powers of the company to borrow money, mortgage its business, property and uncalled capital and issue debentures or other securities whenever money is borrowed or as security for any obligation of the company or of any third party.

### Committees of the Board of Directors

We have three committees of the board of directors: the audit committee, the compensation committee and the nominating and corporate governance committee. We have adopted a charter for each of the three committees. Each committee's members and functions are described below.

**Audit Committee.** Our audit committee consists of Herman Yu, Frank Lin and Dong Yang, and is chaired by Herman Yu. Messrs. Yu, Lin and Yang satisfy the "independence" requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange and meet the independence standards under Rule 10A-3 under the Exchange Act. We have determined that Herman Yu qualifies as an "audit committee financial expert." The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- selecting the independent registered public accounting firm and pre-approving all auditing and non-auditing services permitted to be performed by the independent registered public accounting firm;
- reviewing with the independent registered public accounting firm any audit problems or difficulties and management's response;

- reviewing and approving all proposed related party transactions;
- discussing the annual audited financial statements with management and the independent registered public accounting firm;
- reviewing major issues as to the adequacy of our internal controls and any special audit steps adopted in light of material control deficiencies;
- meeting separately and periodically with management and the independent registered public accounting firm; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

**Compensation Committee.** Our compensation committee consists of Dong Yang, Herman Yu and Frank Lin, and is chaired by Dong Yang. Messrs. Yang, Yu and Lin satisfy the “independence” requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated upon. The compensation committee is responsible for, among other things:

- reviewing and approving, or recommending to the board for its approval, the compensation for our chief executive officer and other executive officers;
- reviewing and recommending to the board for determination with respect to the compensation of our non-employee directors;
- reviewing periodically and approving any incentive compensation or equity plans, programs or similar arrangements; and
- selecting compensation consultant, legal counsel or other adviser only after taking into consideration all factors relevant to that person’s independence from management.

**Nominating and Corporate Governance Committee.** Our nominating and corporate governance committee consists of Frank Lin, Herman Yu and Eric Zhang, and is chaired by Frank Lin. Messrs. Lin, Yu and Zhang satisfy the “independence” requirements of Section 303A of the Corporate Governance Rules of the New York Stock Exchange. The nominating and corporate governance committee assists the board in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- recommending nominees to the board for election or re-election to the board, or for appointment to fill any vacancy on the board;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, skills, experience, expertise and diversity;
- selecting and recommending to the board the names of directors to serve as members of the audit committee and the compensation committee, as well as of the nominating and corporate governance committee itself;
- developing and reviewing the corporate governance principles adopted by the board and advising the board with respect to significant developments in the law and practice of corporate governance and our compliance with such laws and practices; and
- evaluating the performance and effectiveness of the board as a whole.

## Duties of Directors

Under Cayman Islands law, our directors have a duty of loyalty to act honestly in good faith with a view to our best interests. Our directors also have a duty to exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association. A shareholder may have the right to seek damages in our name if a duty owed by our directors is breached.

## Terms of Directors and Officers

Our officers are elected by and serve at the discretion of the board. Our directors are not subject to a term of office and hold office until such time as they resign or are removed from office by an ordinary resolution of our shareholders. A director will vacate office automatically if, among other things, the director (1) becomes bankrupt or suspends payments or compounds with his creditors; or (2) dies or becomes of unsound mind.

## D. Employees

The following table sets forth the numbers of our employees, categorized by function, as of December 31, 2013, 2014 and 2015, which exclude the employees of 58 Home:

| Function                                | As of December 31, |              |               |
|---|--------------------|--------------|---------------|
|   | 2013               | 2014         | 2015          |
| Sales, customer service and marketing   | 4,542              | 7,485        | 16,323        |
| <i>among which, field sales</i>         | <i>3,967</i>       | <i>6,337</i> | <i>11,934</i> |
| Research and development                | 697                | 1,354        | 2,744         |
| Website operations                      | 83                 | 93           | 533           |
| Management and administrative positions | 331                | 467          | 1,105         |
| Total                                   | 5,653              | 9,399        | 20,705        |

Our success depends on our ability to attract, retain and motivate qualified personnel. We believe we offer our employees competitive compensation packages and an environment that encourages initiative and meritocracy, and as a result, we have generally been able to attract and retain qualified personnel and maintain a stable core management team. We design and implement in-house training programs tailored to each job function and a set of responsibilities to enhance performance. Specific training is provided to new employees at orientation to familiarize them with our working environment and operational procedures.

As required by PRC regulations, we participate in various statutory employee benefit plans, including pension, unemployment insurance, childbirth insurance, work-related injury insurance, medical insurance and housing insurance. We are required under PRC law to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time.

## E. Share Ownership

Please refer to “Item 7. Major Shareholders and Related Party Transactions — A. Major Shareholders.”

## ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### A. Major Shareholders

The following table sets forth information concerning the beneficial ownership of our ordinary shares as of the date of this annual report by:

- each of our directors and executive officers; and
- each person known to us to beneficially own more than 5% of our ordinary shares.

The calculations in the table below assume that there are 283,157,733 ordinary shares outstanding as of February 29, 2016, comprising 219,902,820 Class A ordinary shares and 63,254,913 Class B ordinary shares and excluding 1,396,590 Class A ordinary shares issued to our depositary and reserved for future exercise of vested options and RSUs under our share incentive plans by our management and other employees, which are not deemed as outstanding for the purpose of calculating the beneficial ownership in the following table.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant, or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

|   | Number         | %(1)  |
|---|----------------|-------|
| <b>Directors and Executive Officers:**</b>      |                |       |
| Jinbo Yao                                       | 31,991,600(2)  | 11.30 |
| Xiaoguang Wu <sup>(3)</sup>                     | —              | —     |
| Dong Yang <sup>(4)</sup>                        | *              | *     |
| Frank Lin <sup>(5)</sup>                        | —              | —     |
| Herman Yu <sup>(6)</sup>                        | *              | *     |
| Eric Zhang <sup>(7)</sup>                       | —              | —     |
| Hao Zhou  | *              | *     |
| Xiaohua Chen <sup>(8)</sup>                     | *              | *     |
| Hongyu Xing                                     | *              | *     |
| Jiandong Zhuang <sup>(9)</sup>                  | *              | *     |
| Chuan Zhang                                     | *              | *     |
| All directors and executive officers as a group | 33,763,718     | 11.85 |
| <b>Principal Shareholders:</b>                  |                |       |
| Tencent Holdings Limited                        | 64,849,494(10) | 22.90 |
| Nihao China Corporation                         | 29,418,640(11) | 10.39 |
| FMR LLC   | 18,414,210(12) | 6.50  |
| Mark Haoyong Yang                               | 22,575,290(13) | 7.95  |

Notes:

\* Less than one percent of our total outstanding capital.

\*\* Except for Mr. Xiaoguang Wu, Mr. Dong Yang, Mr. Frank Lin, Mr. Herman Yu and Mr. Eric Zhang, the business address of our directors and executive officers is c/o Block E, the North American International Business Center, Yi 108 Beiyuan Road, Chaoyang District, Beijing 100101, the People's Republic of China.

- (1) The number of ordinary shares outstanding in calculating the percentages for each listed person or group includes the ordinary shares underlying the options held by such person or group exercisable within 60 days of February 29, 2015. Percentage of beneficial ownership of each listed person or group is based on (1) 283,157,733 ordinary shares outstanding as of February 29, 2016, and (2) the number of ordinary shares underlying options exercisable by such person or group within 60 days of February 29, 2016.
- (2) Consists of 28,587,204 Class B ordinary shares and 415,718 ADSs (representing 831,436 Class A ordinary shares) held by Nihao China Corporation, a British Virgin Islands company beneficially owned by Mr. Yao through a trust, and 2,572,960 Class B ordinary shares beneficially owned by certain of our executive officers and employees who acquired the ownership of these shares pursuant to our employee stock option plan and who authorize Mr. Yao to vote these shares on their behalf under power of attorney. Such individuals include all executive officers and employees who became our ordinary shareholders through our employee stock option plan.
- (3) The business address of Mr. Wu is 39/F, Tencent Building, Kejizhong Avenue, High Tech Park, Nanshan District, Shenzhen, P. R. China.

- (4) The business address of Mr. Yang is 18/F Tower C, Central International Trade Center, 6A Jianguomenwai Avenue, Chaoyang District, Beijing 100022, P. R. China.
- (5) The business address of Mr. Lin is Unit 1, Level 10, Tower W2, Oriental Plaza, Dong Cheng District, Beijing 100738, P. R. China.
- (6) The business address of Mr. Yu is 20/F, Beijing Ideal International Plaza, No. 58 Northwest 4<sup>th</sup> Ring Road, Haidian District, Beijing 100080, P. R. China.
- (7) The business address of Mr. Zhang is Suite 2801, Two Pacific Place, Hong Kong.
- (8) Mr. Chen has authorized Mr. Jinbo Yao under power of attorney to vote the ordinary shares that Mr. Chen currently owns through Trumpway Limited, a British Virgin Islands company wholly owned by Mr. Chen.
- (9) Mr. Zhuang has authorized Mr. Jinbo Yao under power of attorney to vote the ordinary shares that Mr. Zhuang currently owns through Magic Mirror Holdings Limited, a British Virgin Islands company wholly owned by Mr. Zhuang.
- (10) Consists of 41,419,336 Class A ordinary shares and 14,722,000 Class B ordinary shares directly held by Ohio River Investment Limited and 4,354,079 ADSs (representing 8,708,158 Class A ordinary shares) directly held by THL E Limited as reported in a Schedule 13D/A filed on December 15, 2015. Tencent Holdings Limited is reported as the beneficial owner of the aforementioned shares. The business address of Ohio River Investment Limited and THL E Limited is c/o Tencent Holdings Limited, 29/F., Three Pacific Place, No. 1 Queen's Road East, Wanchai, Hong Kong.
- (11) Consists of 28,587,204 Class B ordinary shares and 415,718 ADSs (representing 831,436 Class A ordinary shares) held by Nihao China Corporation, a British Virgin Islands company beneficially owned by Mr. Yao through a trust. Nihao China Corporation has pledged 9,080,004 Class B ordinary shares as security for a loan extended to Mr. Yao by UBS AG, London Branch in December 2015, and pledged 12,400,000 Class B ordinary shares as security for a loan extended to us by China Merchants Bank Co., Ltd. in April 2016.
- (12) Represents 18,414,210 Class A ordinary shares in the form of ADSs held by FMR LLC, as reported on Schedule 13G filed by FMR LLC on February 12, 2016. The percentage of beneficial ownership was calculated based on the total number of our ordinary shares outstanding as of February 29, 2016. The address of FMR LLC is 245 Summer Street, Boston, Massachusetts 02210, U.S.A.
- (13) Represents (i) 12,884,037 Class A ordinary shares and 5,641,119 Class B ordinary shares held by Trinityville Profit Limited, a British Virgin Islands company affiliated with Mr. Mark Haoyong Yang, (ii) 1,573,534 Class A ordinary shares and 1,573,534 Class B ordinary shares held by Sunshine Spring Limited, a Guernsey company controlled by Mr. Mark Haoyong Yang, and (iii) 903,066 RSUs that will become vested within 60 days after February 29, 2016. Mr. Mark Haoyong Yang is our former co-chairman of board of directors and former co-chief executive officer, and he currently serves as chairman and chief executive officer of Guazi.

To our knowledge, as of February 29, 2016, a total of 118,941,379 Class A ordinary shares were held by three record holders in the United States, representing approximately 42.0% of our total outstanding shares on an as-converted basis. One of these holders is the depository of our ADS program, which held 118,059,026 Class A ordinary shares on record (including the 1,396,590 Class A ordinary shares issued to our depository and reserved for future exercise of vested options and RSUs under our share incentive plans by our management and other employees), representing approximately 41.7% of our total outstanding shares on record as of February 29, 2016. None of our outstanding Class B ordinary shares were held by record holders in the United States as of February 29, 2016. The number of beneficial owners of our ADSs in the United States is likely to be much larger than the number of record holders of our ordinary shares in the United States.

Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares are entitled to one vote per share, while holders of Class B ordinary shares are entitled to ten votes per share. Holders of Class A and Class B ordinary shares vote together as one class on all matters subject to a shareholders' vote. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstance. All options, regardless of grant dates, will entitle holders to the equivalent number of Class A ordinary shares once the vesting and exercising conditions on such share-based compensation awards are met. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

## B. Related Party Transactions

### Contractual Arrangements with Our Consolidated Variable Interest Entities

PRC law currently limits direct foreign equity ownership of business entities providing value-added telecommunications services. As a result of these foreign ownership restrictions requirements, we conduct substantially all of our businesses in China through a series of contractual arrangements with our consolidated affiliated entities and their shareholders. For a description of these contractual arrangements, see “Item 4. Information on the Company — C. Organizational Structure — Our Contractual Arrangements.”

### Registration Rights

#### *Pre-IPO Shareholders Agreement*

Pursuant to our shareholders agreement dated August 4, 2011 that we entered into with all our then shareholders in connection with our issuance of preference shares prior to our initial public offering, we have granted certain registration rights to our shareholders. Set forth below is a description of the registration rights granted under the agreement.

*Demand Registration Rights.* At any time beginning six months after the completion of our initial public offering on November 5, 2013, upon a written request from the holders of at least 20% of the registrable securities held by holders of our ordinary shares converted from preference shares, we must file a registration statement covering the offer and sale of the registrable securities held by the requesting shareholders and other holders of registrable securities who choose to participate in the offering. Registrable securities include, among others, our ordinary shares not previously sold to the public and ordinary shares issued upon conversion of the preference shares.

However, we are not obligated to proceed with a demand registration if we have, within the six-month period preceding the date of such request, already effected a registration under the Securities Act pursuant to the exercise of the holders’ demand registration rights. We have the right to defer filing of a registration statement for up to 90 days if our board of directors determines in good faith that the filing of a registration statement would be materially detrimental to us, but we cannot exercise the deferral right more than once in any 12-month period.

*Form F-3 Registration Rights.* When we are eligible for registration on Form F-3, upon a written request from our the holders of at least 20% of the registrable securities held by holders of our ordinary shares converted from preference shares, we must file a registration statement on Form F-3 covering the offer and sale of the registrable securities.

We are not obligated to effect a Form F-3 registration, among other things, if we have already effected two registrations on Form F-3 in any 12-month period. We have the right to defer filing of a registration statement for up to 90 days if our board of directors determines in good faith that the filing of a registration statement would be materially detrimental to us, but we cannot exercise the deferral right more than once in any 12-month period.

*Piggyback Registration Rights.* If we propose to file a registration statement for a public offering of our ordinary shares on a form that would be suitable only for registrable securities, we must offer holders of registrable securities an opportunity to include in that registration all or any part of their registrable securities. The underwriters of any underwritten offering have the right to limit the number of shares with registration rights to be included in the registration statement, subject to certain limitations.

*Expenses of Registration.* We will pay all expenses relating to any demand, Form F-3, or piggyback registration.

*Termination of Obligations.* We shall have no obligation to effect any demand, Form F-3, or piggyback registration on the earlier of (a) the date that is five years after the completion of our initial public offering on November 5, 2013, or (b) as to any holder of registrable securities, the time when all registrable securities held by such holder may be sold in any three-month period without registration pursuant to Rule 144 under the Securities Act.

#### ***Investor Rights Agreement with Tencent***

Pursuant to an investor rights agreement dated June 30, 2014 that we entered into with Tencent, we have granted certain registration rights to Tencent. Set forth below is a description of the registration rights granted under the agreement.

*Demand Registration Rights.* Upon a written request from Tencent, we must use all reasonable efforts to effect the registration under the Securities Act of all registrable securities Tencent requests to be registered. Registrable securities include, subject to limitation, ordinary shares of our company Tencent acquired in June 2014 and any other ordinary shares of our company owned or acquired by Tencent thereafter.

However, we are not obligated to proceed with a demand registration if we have, within the six-month period preceding the date of such request, already effected a registration under the Securities Act pursuant to the exercise of the holders' demand registration rights. We have the right to defer filing of a registration statement for up to 90 days if our board of directors determines in good faith that the filing of a registration statement would be materially detrimental to us, but we cannot exercise the deferral right more than once in any 12-month period.

*Form F-3 Registration Rights.* When we are eligible for registration on Form F-3, upon a written request from an investor party to the agreement, we must effect such registration to permit or facilitate the sale and distribution of all or such portion of the investor's registrable securities as are specified in such request.

We are not obligated to effect a Form F-3 registration, among other things, if we have already effected two registrations on Form F-3 in any 12-month period. We have the right to defer filing of a registration statement for up to 90 days if our board of directors determines in good faith that the filing of a registration statement would be materially detrimental to us, but we cannot exercise the deferral right more than once in any 12-month period.

*Piggyback Registration Rights.* If we propose to file a registration statement for a public offering of our securities, we must offer Tencent an opportunity to include in that registration all or any part of its registrable securities. The underwriters of any underwritten offering have the right to limit the number of shares with registration rights to be included in the registration statement, subject to certain limitations.

*Expenses of Registration.* We will pay all expenses relating to any demand, Form F-3, or piggyback registration.

*Termination of Obligations.* We shall have no obligation to effect any demand, Form F-3, or piggyback registration on the earlier of (a) the date that is five years after the date of the agreement, or (b) as to any holder of registrable securities, the time when all registrable securities held by such holder may be sold in any ninety-day period without registration pursuant to Rule 144 under the Securities Act.

#### ***Registration Rights Agreement with Former Ganji Shareholders***

Pursuant to a registration rights agreement dated April 20, 2015 that we entered into with certain new shareholders in connection with our issuance of new Class A ordinary shares as share portion of the purchase price for our acquisition of Ganji shares from the selling shareholders, we have granted certain registration rights to such new shareholders. Set forth below is a description of the registration rights granted under the agreement.

*Demand Registration Rights.* Upon a written request from the holders of at least a majority of the registrable securities held by holders of the registrable securities, we must use all reasonable efforts to effect the registration under the Securities Act of all registrable securities held by the requesting shareholders and other holders of registrable securities who choose to participate in the offering. Registrable securities include, subject to limitation, new Class A ordinary shares as share portion of the purchase price for our acquisition of Ganji.com shares from the selling shareholders.

However, we are not obligated to proceed with a demand registration if we have, within the six-month period preceding the date of such request, already effected a registration under the Securities Act pursuant to the exercise of the holders' demand registration rights. We have the right to defer filing of a registration statement for up to 90 days if our board of directors determines in good faith that the filing of a registration statement would be materially detrimental to us, but we cannot exercise the deferral right more than once in any 12-month period.

*Form F-3 Registration Rights.* When we are eligible for registration on Form F-3, upon a written request from an investor party to the agreement, we must effect such registration to permit or facilitate the sale and distribution of all or such portion of the investor's registrable securities as are specified in such request, together with all or such portion of the registrable securities of any other investor or investors joining such request.

We are not obligated to effect a Form F-3 registration, among other things, if we have already effected two registrations on Form F-3 in any 12-month period. We have the right to defer filing of a registration statement for up to 90 days if our board of directors determines in good faith that the filing of a registration statement would be materially detrimental to us, but we cannot exercise the deferral right more than once in any 12-month period.

*Piggyback Registration Rights.* If we propose to file a registration statement for a public offering of our ordinary shares on a form that would be suitable only for registrable securities, we must offer holders of registrable securities an opportunity to include in that registration all or any part of their registrable securities. The underwriters of any underwritten offering have the right to limit the number of shares with registration rights to be included in the registration statement, subject to certain limitations.

*Expenses of Registration.* We will pay all expenses relating to any demand, Form F-3, or piggyback registration.

*Termination of Obligations.* We shall have no obligation to effect any demand, Form F-3, or piggyback registration on the earlier of (a) the date that is five years after the date of the agreement, or (b) as to any holder of registrable securities, the time when all registrable securities held by such holder may be sold in any ninety-day period without registration pursuant to Rule 144 under the Securities Act.

### **Investment by Tencent and Share Repurchase from Certain Pre-IPO Shareholders**

In June 2014, we entered into an investment agreement with Tencent, pursuant to which Tencent invested US\$736.1 million in exchange for approximately 19.9% equity interest in 58.com Inc. on a fully-diluted basis. Tencent purchased 36,805,000 Class A and B ordinary shares of our company at a purchase price of US\$20.00 per ordinary share, corresponding to US\$40.00 per ADS. We applied US\$552.1 million of the proceeds from this transaction to repurchase 27,603,750 Class B ordinary shares of our company from certain pre-IPO shareholders. Participants in the share repurchase include DCM Affiliates Fund V, L.P., DCM V, L.P., SB Asia Investment Fund II L.P., Dong Yang, and WP X Asia Online Investment Holdings Limited, from which we purchased 186,720, 7,652,229, 8,537,341, 862,291 and 10,365,169 Class B ordinary shares, respectively. Mr. Dong Yang is a director and a member of the audit committee of our board of directors.

Concurrent with our acquisition of a strategic stake in Ganji in April 2015 and incremental to its then existing share ownership of our company, Tencent purchased an additional approximately US\$400.0 million of newly issued ordinary shares from us at a purchase price of US\$26.00 per ordinary share, equivalent to US\$52.00 per ADS. In July 2015, we entered into a loan agreement with Tencent whereby we obtained a loan from Tencent in an aggregate principal amount of US\$400.0 million. The loan bore interest at a base rate of 5% per annum and had a maturity date of December 20, 2015. If we had failed to repay the loan together with all interest accrued but unpaid thereon by the maturity date, Tencent would have had the right to deliver a conversion notice to us requiring us to convert all or a portion of the amount due and payable under the loan agreement into a corresponding number of our Class A ordinary shares. In December 2015, we and Tencent entered into an amendment to the loan agreement, pursuant to which we issued and allotted 4,267,344 Class A ordinary shares to Tencent to early repay US\$125 million principal amount and accrued but unpaid interest expense amounting to US\$7.3 million. The principal amount of the amended loan agreement was US\$275 million, the interest rate of the amended loan was 6% per annum and the maturity date of the amended loan was June 20, 2016. The amended loan was fully paid off in April 2016.

We have not entered into any significant transaction with Tencent outside of the ordinary course of business.

### **Spin-off of Guazi**

On December 31, 2015, following an independent third-party valuation assessment, we divested a controlling ownership stake in Guazi to Mr. Mark Haoyong Yang, co-chairman of our board of directors at the time, in exchange for US\$50 million in cash from Mr. Yang. We concurrently used the proceeds to invest in a US\$50 million non-interest bearing convertible note issued by Guazi. The note was convertible into preference shares of Guazi to be issued in Guazi's subsequent round of financing at the same price to be paid by other investors. Immediately after the spinoff was closed on December 31, 2015, we had approximately a 45.6% stake in Guazi. Mr. Yang resigned from his position as our co-chief executive officer and serves as chairman and chief executive officer of Guazi. In March 2016, Guazi closed a new US\$204.5 million round of equity financing with participation from a number of globally recognized institutional investors and we converted the note into preference shares of Guazi.

### **Employment Agreements and Indemnification Agreements**

See "Item 6. Directors, Senior Management and Employees — B. Compensation — Employment Agreements and Indemnification Agreements."

### **Stock Incentive Plans**

See "Item 6. Directors, Senior Management and Employees — B. Compensation — Share Incentive Plans."

### **C. Interests of Experts and Counsel**

Not applicable.

## **ITEM 8. FINANCIAL INFORMATION**

### **A. Consolidated Statements and Other Financial Information**

Please refer to Item 18.

### **Legal Proceedings**

From time to time, we have become and may in the future become a party to various legal or administrative proceedings arising in the ordinary course of our business. Internet companies are frequently involved in litigation based on allegations of infringement or other violations of intellectual property rights and other allegations in connection with the content available on their websites or services they provide. We are currently not involved in any legal or administrative proceedings that would materially and adversely affect our business.

On October 19, 2013, Mr. Xuanfu Liu filed a complaint with a local court in Hubei Province in China against (1) Mr. Handong Cheng, legal representative of Business Opportunity Online (Beijing) Network Technology Co., Ltd., or Shangji, a PRC company, (2) Shangji, and (3) Mr. Jinbo Yao, our chairman and chief executive officer. Mr. Liu purported to be a 36% minority shareholder of Shangji. The complaint claimed that Shangji had enjoyed a right to 17.5% of the equity interest in Beijing 58 held by Mr. Yao as Shangji's nominee prior to December 2009, and alleged that Mr. Cheng had entered into an agreement on behalf of Shangji with Mr. Yao in December 2009 terminating Shangji's right to the 17.5% equity interest in Beijing 58 without prior consultation with or notice to Mr. Liu. Mr. Liu sought the court's ruling that the termination agreement was invalid and that Mr. Liu be entitled to a 6.3% equity interest in Beijing 58, equivalent to what he believed was his indirect pro rata share of Beijing 58. After contestation and appeal by Mr. Yao to the appellate court in Hubei for lack of jurisdiction of the local court, the appellate court ruled in favor of Mr. Yao and ruled that the case should be transferred to a local court in Beijing. After the case was transferred to the local court in Beijing, Mr. Liu filed a motion to withdraw the lawsuit, and the court granted the motion to dismiss in December 2014. Since Mr. Liu withdrew his complaint, he has not initiated any new proceeding relating to the same matter. However, there is uncertainty as to whether Mr. Liu will file a new complaint.

We and Mr. Yao believe that Mr. Liu's claim that the termination agreement is invalid and his claim to be registered as a shareholder of Beijing 58 are baseless and without merit and intend to continue to contest new claims, if any, vigorously. Our PRC counsel, Han Kun Law Offices, advises us that based on the evidence presented in the aforementioned complaint, and applicable PRC law, including the PRC judicial interpretation, there are meritorious defenses to Mr. Liu's claims.

On October 21, 2015, Shangji filed a complaint with a local district court in Beijing against Beijing 58, with Mr. Jinbo Yao and other shareholders of Beijing 58 being joined as third parties. Shangji sought the court's ruling that Shangji is a shareholder of Beijing 58 owning 17.5% equity interest in Beijing 58, and Beijing 58 has the 17.5% equity interest registered under the name of Mr. Jinbo Yao transferred to and registered under Shangji. Beijing 58 and the third parties, including Mr. Yao, contested these claims before the district court. On January 20, 2016, the district court dismissed all of Shangji's claims. Shangji has appealed to the appellate court in Beijing. We believe that Shangji's claim that it is entitled to 17.5% equity interest of Beijing 58 is baseless and without merit, and we intend to continue to contest any claim that Shangji files with the appellate court. However, there is no assurance that the appellate court will rule in our favor.

### **Dividend Policy**

We have not previously declared or paid cash dividends and we have no plan to declare or pay any dividends in the near future on our shares or ADSs. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

We are a holding company incorporated in the Cayman Islands. We rely principally on dividends from our PRC subsidiaries for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us. See "Item 4. Information on the Company — B. Business Overview — Regulation — Regulations on Foreign Currency Exchange."

Our board of directors has discretion as to whether to distribute dividends, subject to applicable laws. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our board of directors may deem relevant. If we pay any dividends, we will pay our ADS holders to the same extent as holders of our ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

### **B. Significant Changes**

We have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

## **ITEM 9. THE OFFER AND LISTING**

### **A. Offering and Listing Details**

See "— C. Markets."

## B. Plan of Distribution

Not applicable.

## C. Markets

Our ADSs, each representing two of our Class A ordinary shares, have been listed on the NYSE since October 31, 2013. Our ADSs trade under the symbol “WUBA.” The following table provides the high and low trading prices for our ADSs on the NYSE since the date of our initial public offering.

The last reported trading price for our ADSs on May 12, 2016 was US\$50.43 per ADS.

|  | Market Price<br>(US\$) |       |
|--|------------------------|-------|
|  | High                   | Low   |
| <b>Annual High and Low</b>                           |                        |       |
| Fiscal Year 2013 (from October 31, 2013)             | 39.83                  | 21.00 |
| Fiscal Year 2014                                     | 58.89                  | 31.60 |
| Fiscal Year 2015                                     | 83.71                  | 37.15 |
| <b>Quarterly Highs and Lows</b>                      |                        |       |
| First Fiscal Quarter of 2014                         | 58.89                  | 31.60 |
| Second Fiscal Quarter of 2014                        | 56.50                  | 35.75 |
| Third Fiscal Quarter of 2014                         | 57.50                  | 34.70 |
| Fourth Fiscal Quarter of 2014                        | 49.75                  | 34.64 |
| First Fiscal Quarter of 2015                         | 54.39                  | 37.15 |
| Second Fiscal Quarter of 2015                        | 83.71                  | 49.80 |
| Third Fiscal Quarter of 2015                         | 69.00                  | 37.72 |
| Fourth Fiscal Quarter of 2015                        | 70.27                  | 43.82 |
| First Fiscal Quarter of 2016                         | 65.33                  | 42.57 |
| Second Fiscal Quarter of 2016 (through May 12, 2016) | 61.59                  | 49.92 |
| <b>Monthly Highs and Lows</b>                        |                        |       |
| November 2015  | 61.54                  | 50.72 |
| December 2015  | 70.27                  | 59.81 |
| January 2016   | 65.33                  | 50.69 |
| February 2016  | 56.86                  | 42.57 |
| March 2016   | 60.10                  | 52.18 |
| April 2016   | 61.59                  | 53.96 |
| May 2016 (through May 12, 2016)                      | 54.64                  | 49.92 |

## D. Selling Shareholders

Not applicable.

## E. Dilution

Not applicable.

## F. Expenses of the Issue

Not applicable.

## ITEM 10. ADDITIONAL INFORMATION

### A. Share Capital

Not applicable.

### B. Memorandum and Articles of Association

We are a Cayman Islands company and our affairs are governed by our amended and restated memorandum and articles of association, as amended from time to time, and the Companies Law of the Cayman Islands, which is referred to below as the Companies Law.

The following are summaries of the material provisions of our amended and restated memorandum and articles of association and the Companies Law insofar as they relate to the material terms of our ordinary shares. This summary is not complete, and you should read our third amended and restated memorandum and articles of association, which has been filed as Exhibit 3.2 to our Form F-1 (File No. 333-191424) filed with the SEC on September 27, 2013.

#### Registered Office and Objects

Our registered office in the Cayman Islands is located at Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. As set forth in clause 3 of our amended and restated memorandum of association, the objects for which our company is established are unrestricted.

#### Board of Directors

See “Item 6. Directors, Senior Management and Employees — C. Board Practices — Committees of the Board of Directors” and “Item 6. Directors, Senior Management and Employees — C. Board Practices — Terms of Directors and Officers.”

#### Ordinary Shares

**General.** Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. All of our outstanding ordinary shares are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form. Our shareholders who are non-residents of the Cayman Islands may freely hold and transfer their ordinary shares.

**Dividends.** The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors. Our articles of association provide that dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which our board of directors determine is no longer needed. Dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law. Holders of Class A ordinary shares and Class B ordinary shares will be entitled to the same amount of dividends, if declared.

**Voting Rights.** In respect of all matters subject to a shareholders’ vote, each Class A ordinary share is entitled to one vote, and each Class B ordinary share is entitled to ten votes, voting together as one class. Voting at any meeting of shareholders is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of such meeting or any one or more shareholders who together hold not less than 10% of the nominal value of the total issued voting shares of our company present in person or by proxy. Each holder of our ordinary shares is entitled to have one vote for each ordinary share registered in his or her name on our register of members.

A quorum required for a meeting of shareholders consists of one or more shareholders who hold at least one-third of all voting power of our share capital in issue at the meeting present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative. Shareholders’ meetings may be held annually. Each general meeting, other than an annual general meeting, shall be an extraordinary general meeting. Extraordinary general meetings may be called by a majority of our board of directors or our chairman or upon a requisition of shareholders holding at the date of deposit of the requisition not less than one-third of the aggregate voting power of our company. Advance notice of at least ten clear days is required for the convening of our annual general meeting and other general meetings.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast at a meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes cast attaching to the outstanding ordinary shares at a meeting. A special resolution will be required for important matters such as a change of name or making changes to our memorandum and articles of association.

**Conversion.** Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any transfer of Class B ordinary shares by a holder to any person or entity which is not an affiliate of such holder, such Class B ordinary shares shall be automatically and immediately converted into the equivalent number of Class A ordinary shares. In addition, if at any time, Mr. Jinbo Yao and his affiliates collectively own less than 5% of the total number of the issued and outstanding Class B ordinary shares, each issued and outstanding Class B ordinary share will be automatically and immediately converted into one Class A ordinary share, and we will not issue any Class B ordinary shares thereafter.

**Transfer of Ordinary Shares.** Subject to the restrictions set out below and the provisions above in respect of Class B ordinary shares, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of ordinary shares;
- the instrument of transfer is properly stamped, if required;
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four; and
- a fee of such maximum sum as the NYSE may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer they shall, within three months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, after compliance with any notice required of the NYSE, be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 days in any year as our board may determine.

**Liquidation.** On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of ordinary shares), assets available for distribution among the holders of ordinary shares shall be distributed among the holders of the ordinary shares on a pro rata basis. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders proportionately. Any distribution of assets or capital to a holder of a Class A ordinary share and a holder of a Class B ordinary share will be the same in any liquidation event.

***Calls on Ordinary Shares and Forfeiture of Ordinary Shares.*** Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their ordinary shares in a notice served to such shareholders at least 14 clear days prior to the specified time of payment. The ordinary shares that have been called upon and remain unpaid are subject to forfeiture.

***Redemption of Ordinary Shares.*** The Companies Law and our articles of association permit us to purchase our own shares. In accordance with our articles of association and provided the necessary shareholders or board approval have been obtained, we may issue shares on terms that are subject to redemption, at our option or at the option of the holders of these shares, on such terms and in such manner, including out of capital, as may be determined by our board of directors.

***Variations of Rights of Shares.*** All or any of the special rights attached to any class of shares may, subject to the provisions of the Companies Law, be varied with the written consent of the holders of a majority of the issued shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class. The rights conferred upon the holders of the shares of any class issued shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with such existing class of shares.

***Inspection of Books and Records.*** Holders of our ordinary shares have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, we will provide our shareholders with annual audited financial statements. See “— H. Documents on Display.”

***Issuance of Additional Shares.*** Our memorandum of association authorizes our board of directors to issue additional ordinary shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares.

Our memorandum of association also authorizes our board of directors to establish from time to time one or more series of preference shares and to determine, with respect to any series of preference shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;
- the dividend rights, dividend rates, conversion rights, voting rights; and
- the rights and terms of redemption and liquidation preferences.

Our board of directors may issue preference shares without action by our shareholders to the extent authorized but unissued. Issuance of these shares may dilute the voting power of holders of ordinary shares.

***Anti-Takeover Provisions.*** Some provisions of our memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that authorize our board of directors to issue preference shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preference shares without any further vote or action by our shareholders.

***Exempted Company.*** We are an exempted company with limited liability under the Companies Law. The Companies Law distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies;
- is not required to open its register of members for inspection;

- does not have to hold an annual general meeting;
- may issue negotiable or bearer shares or shares with no par value;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

“Limited liability” means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company.

*Limitations on the Right to Own Shares.* There are no limitations on the right to own our ordinary shares.

### **C. Material Contracts**

We have not entered into any material contracts other than in the ordinary course of business and other than those described in “Item 4. Information on the Company” or elsewhere in this annual report.

### **D. Exchange Controls**

The Cayman Islands currently has no exchange control restrictions. See also “Item 4. Information on the Company — B. Business Overview — Regulation — Regulations on Foreign Currency Exchange” and “Item 4. Information on the Company — B. Business Overview — Regulation — Regulations on Offshore Financing.”

### **E. Taxation**

The following summary of the material Cayman Islands, People’s Republic of China and United States federal income tax consequences of an investment in our ADSs or ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in our ADSs or ordinary shares, such as the tax consequences under state, local and other tax laws.

#### **Cayman Islands Taxation**

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes levied by the Government of the Cayman Islands that are likely to be material to holders of ADSs or ordinary shares. The Cayman Islands is not party to any double tax treaties except for a double tax treaty entered into with the United Kingdom in 2010. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Pursuant to Section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, we have obtained an undertaking from the Governor-in-Council:

- (i) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to us or our operations; and
- (ii) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on our shares, debentures or other obligations.

The undertaking for us is for a period of twenty years from June 14, 2011.

## People's Republic of China Taxation

Under the Enterprise Income Tax Law, an enterprise established outside the PRC with “de facto management bodies” within China is considered a “resident enterprise” for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income. Under the implementation rules to the Enterprise Income Tax Law, a “de facto management body” is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and properties of an enterprise. In addition, SAT Circular 82, issued by the State Administration of Taxation in April 2009 and amended in January 2014, specifies that certain offshore incorporated enterprises controlled by PRC enterprises or PRC enterprise groups will be classified as PRC resident enterprises if the following are located or resident in China: senior management personnel and departments that are responsible for daily production, operation and management; financial and personnel decision making bodies; key properties, accounting books, company seal, minutes of board meetings and shareholders’ meetings; and half or more of the senior management or directors having voting rights. Further to SAT Circular 82, the State Administration of Taxation issued the SAT Bulletin 45, which took effect in September 2011, to provide more guidance on the implementation of SAT Circular 82. SAT Bulletin 45 provides for procedures and administration details of determination on resident status and administration on post-determination matters. We do not believe that 58.com Inc., or China Classified Network Corporation or China Classified Information Corporation Limited meet all of the conditions above or are PRC resident enterprises. If the PRC tax authorities determine that our Cayman Islands holding company is a PRC resident enterprise for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. One example is that a 10% withholding tax would be imposed on dividends we pay to our non-PRC enterprise shareholders and with respect to gains derived by our non-PRC enterprise shareholders from transferring our shares or ADSs and potentially a 20% of withholding tax would be imposed on dividends we pay to our non-PRC individual shareholders and with respect to gains derived by our non-PRC individual shareholders from transferring our shares or ADSs.

It is unclear whether, if we are considered a PRC resident enterprise, holders of our shares or ADSs would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas. See “Item 3. Key Information — D. Risk Factors — Risk Factors Related to Doing Business in China — Under the Enterprise Income Tax Law, we may be classified as a PRC ‘resident enterprise’ for PRC enterprise income tax purposes. Such classification would likely result in unfavorable tax consequences to us and our non-PRC shareholders and have a material adverse effect on our results of operations and the value of your investment.”

The Enterprise Income Tax Law and the implementation rules provide that an income tax rate of 10% will normally be applicable to dividends payable to investors that are “non-resident enterprises,” and gains derived by such investors, which (1) do not have an establishment or place of business in China or (2) have an establishment or place of business in China, but the relevant income is not effectively connected with the establishment or place of business to the extent such dividends and gains are derived from sources within China. The PRC State Council or an applicable tax treaty between the PRC and the jurisdictions in which the non-PRC investors reside may reduce such income tax rate. Pursuant to an Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income, or the Double Tax Avoidance Arrangement, and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the relevant PRC tax authority to have satisfied the relevant conditions and requirements under the 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 SAT Circular 81 issued by the State Administration of Taxation in February 2009, 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, the PRC tax authorities may adjust the preferential tax treatment. Pursuant to SAT Circular 601 issued by the State Administration of Taxation in October 2009, conduit companies, which are established for the purpose of evading or reducing tax, or transferring or accumulating profits, may not be recognized as beneficial owners and thus are not entitled to the above-mentioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement. In August 2015, the State Administration of Taxation promulgated the Administrative Measures for Non-Resident Taxpayers to Enjoy Treatments under Tax Treaties, or SAT Circular 60, which became effective on November 1, 2015. SAT Circular 60 provides that non-resident enterprises are not required to obtain pre-approval from the relevant tax authority in order to enjoy the reduced withholding tax rate. Instead, non-resident enterprises and their withholding agents may, by self-assessment and upon their confirmation that the prescribed criteria are met, directly apply the reduced withholding tax rate, and file the necessary forms and supporting documents when conducting tax filings, which will be subject to post-filing examinations by the relevant tax authorities. None of our Hong Kong subsidiaries has applied for the approval for a withholding tax rate of 5% from local tax authority prior to SAT Circular 60, nor has any of our PRC subsidiaries applied the 5% tax rate directly to any dividend payment after the SAT Circular 60, as our PRC subsidiaries have not paid dividends to us.

In January 2009, the State Administration of Taxation promulgated the Provisional Measures for the Administration of Withholding of Enterprise Income Tax for Non-resident Enterprises, pursuant to which the entities that have the direct obligation to make certain payments to a non-resident enterprise should be the relevant tax withholders for the non-resident enterprise, and such payments include: income from equity investments (including dividends and other return on investment), interest, rents, royalties and income from assignment of property as well as other incomes subject to enterprise income tax received by non-resident enterprises in China. Further, the measures provide that in case of an equity transfer between two non-resident enterprises which occurs outside China, the non-resident enterprise which receives the equity transfer payment must, by itself or engage an agent to, file tax declaration with the PRC tax authority located at place of the PRC company whose equity has been transferred, and the PRC company whose equity has been transferred should assist the tax authorities to collect taxes from the relevant non-resident enterprise.

The State Administration of Taxation issued SAT Circular 59 together with the Ministry of Finance in April 2009 and SAT Circular 698 in December 2009. Both Circular 59 and Circular 698 became effective retroactively as of January 1, 2008. On February 3, 2015, the State Administration of Taxation issued SAT Notice 7. By promulgating and implementing these circulars, the PRC tax authorities have enhanced their scrutiny over the direct or indirect transfer of equity interests or other taxable assets in a PRC resident enterprise by a non-resident enterprise. Under SAT Notice 7, where a non-resident enterprise transfers the equity interests or other taxable assets of a PRC “resident enterprise” indirectly by disposition of the equity interests of an overseas holding company, the non-resident enterprise, being the transferor, or the transferee, or the PRC entity which directly owned the taxable assets may report to the relevant tax authority this “indirect transfer”. Using a “substance over form” principle, the PRC tax authority may re-characterize such indirect transfer as a direct transfer of the equity interests in the PRC tax resident enterprise and other properties in China. As a result, gains derived from such indirect transfer may be subject to PRC tax at a rate of up to 10%. 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 that are non-PRC resident enterprises, or sale or purchase of shares in other non-PRC resident companies or other taxable assets by us. We and our non-resident investors may be at risk of being required to file a return and being taxed under SAT Circular 698 and SAT Notice 7, and we may be required to expend valuable resources to comply with SAT Circular 698 and SAT Notice 7 or to establish that we should not be taxed under these circulars.

### **United States Federal Income Tax Considerations**

The following is a discussion of the principal United States federal income tax consequences of the ownership and disposition of our ADSs or Class A ordinary shares by a U.S. Holder, as defined below, that holds our ADSs or Class A ordinary shares as “capital assets” (generally, property held for investment) under the United States Internal Revenue Code of 1986, as amended (the “Code”). This discussion is based upon existing United States federal income tax law, which is subject to differing interpretations or change, possibly with retroactive effect. No ruling has been sought from the Internal Revenue Service (the “IRS”) with respect to any United States federal income tax consequences described below, and there can be no assurance that the IRS or a court will not take a contrary position. This discussion does not address all aspects of United States federal income taxation that may be important to particular investors in light of their individual investment circumstances, including investors subject to special tax rules (such as, for example, certain financial institutions, insurance companies, regulated investment companies, real estate investment trusts, broker-dealers, traders in securities that elect mark-to-market treatment, partnerships and their partners, tax-exempt organizations (including private foundations), investors who are not U.S. Holders, investors that own (directly, indirectly, or constructively) 10% or more of our voting stock, investors that hold their ADSs or Class A ordinary shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction, or investors that have a functional currency other than the United States dollar) all of whom may be subject to tax rules that differ significantly from those summarized below. In addition, this discussion does not address any state, local, or non-United States tax considerations. Each potential investor is urged to consult its tax advisor regarding the United States federal, state, local and non-United States income and other tax considerations of an investment in our ADSs or Class A ordinary shares.

## *General*

For purposes of this discussion, a “U.S. Holder” is a beneficial owner of our ADSs or Class A ordinary shares that is, for United States federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation (or other entity treated as a corporation for United States federal income tax purposes) created in, or organized under the law of, the United States or any state thereof or the District of Columbia, (iii) an estate the income of which is includible in gross income for United States federal income tax purposes regardless of its source, or (iv) a trust (A) the administration of which is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise elected to be treated as a United States person under the Code.

If a partnership (or other entity treated as a partnership for United States federal income tax purposes) is a beneficial owner of our ADSs or Class A ordinary shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships and partners of a partnership holding our ADSs or Class A ordinary shares are urged to consult their tax advisors regarding an investment in our ADSs or Class A ordinary shares.

Based in part on certain representations from the depository bank, a U.S. Holder of ADSs will be treated as the beneficial owner for United States federal income tax purposes of the underlying shares represented by the ADSs.

## *Passive Foreign Investment Company Considerations*

A non-United States corporation, such as our company, will be a “passive foreign investment company,” or PFIC, for United States federal income tax purposes for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of “passive” income or (ii) 50% or more of the value of its assets (determined on the basis of a quarterly average) during such year produce or are held for the production of passive income (the “asset test”). Passive income generally includes dividends, interest, royalties, rents, annuities, net gains from the sale or exchange of property producing such income and net foreign currency gains. For this purpose, cash and assets readily convertible into cash are categorized as passive assets and the company’s unbooked goodwill are taken into account for determining the value of its assets. We will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, more than 25% (by value) of the stock.

Although the law in this regard is not entirely clear, we treat Beijing 58 and other consolidated affiliated entities as being owned by us for United States federal income tax purposes, because we control their management decisions and are entitled to substantially all of their economic benefits, and, as a result, we consolidate their results of operations in our consolidated U.S. GAAP financial statements. If it were determined, however, that we are not the owner of Beijing 58 and other consolidated affiliated entities for United States federal income tax purposes, we would likely be treated as a PFIC for our current taxable year and any subsequent taxable year.

Assuming that we are the owner of Beijing 58 and other consolidated affiliated entities for United States federal income tax purposes, we believe that we primarily operate as an active provider of online marketing services. Based on our current income and assets and projections as to the value of our assets based, in part, on the market value of our ADSs and outstanding Class A ordinary shares, we do not believe that we were a PFIC for our taxable year ended December 31, 2015 and, although no assurances can be made in this regard, we do not expect to be a PFIC for the current taxable year or any subsequent taxable year. While we do not anticipate becoming a PFIC, because our value of the assets for purpose of the asset test may be determined by reference to the market price of our ADSs or ordinary shares, fluctuations in the market price of our ADSs or Class A ordinary shares may cause us to become a PFIC for the current or subsequent taxable years. Under circumstances where revenues from activities that produce passive income significantly increase relative to our revenues from activities that produce non-passive income, or where we determine not to deploy significant amounts of cash for active purposes, our risk of becoming classified as a PFIC may substantially increase.

Furthermore, because there are uncertainties in the application of the relevant rules, it is possible that the IRS may challenge our classification of certain income and assets as non-passive or our valuation of our tangible and intangible assets, each of which may result in our becoming a PFIC for the current or subsequent taxable years. Because PFIC status is a fact-intensive determination made on an annual basis and will depend upon the composition of our assets and income and the value of our tangible and intangible assets from time to time, no assurance can be given that we will not become a PFIC in a subsequent taxable year. In particular, if we are a PFIC for any year during which a U.S. Holder holds our ADSs or Class A ordinary shares, we generally will continue to be treated as a PFIC with respect to such U.S. Holder for all succeeding years during which such U.S. Holder holds our ADSs or Class A ordinary shares unless we cease to be a PFIC and the U.S. Holder makes a “deemed sale” election with respect to the ADSs or Class A ordinary shares.

The discussion below under “Dividends” and “Sale or Other Disposition of ADSs or Class A Ordinary Shares” assumes that we will not be a PFIC for U.S. federal income tax purposes. The United States federal income tax rules that apply if we are a PFIC for the current or any subsequent taxable year are generally discussed below under “Passive Foreign Investment Company Rules.”

### *Dividends*

Any cash distributions (including the amount of any PRC tax withheld) paid on our ADSs or Class A ordinary shares out of our current or accumulated earnings and profits, as determined under United States federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder, in the case of Class A ordinary shares, or by the depository bank, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of United States federal income tax principles, any distribution paid will generally be treated as a “dividend” for United States federal income tax purposes. A non-corporate recipient of dividend income generally will be subject to tax on dividend income from a “qualified foreign corporation” at a lower applicable capital gains rate rather than the marginal tax rates generally applicable to ordinary income provided that certain holding period and other requirements are met. We generally will be considered to be a qualified foreign corporation (i) with respect to any dividend we pay on our ADSs or Class A ordinary shares that are readily tradable on an established securities market in the United States, or (ii) if we are eligible for the benefits of a comprehensive tax treaty with the United States that the Secretary of Treasury of the United States determines is satisfactory for this purpose and includes an exchange of information program. Because our ADSs (but not our Class A ordinary shares) are listed on the NYSE, we believe that the ADSs are readily tradable on an established securities market in the United States and that we are a qualified foreign corporation with respect to dividends paid on our ADSs, but not with respect to dividends paid on our Class A ordinary shares. In the event we are deemed to be a resident enterprise under the PRC Enterprise Income Tax Law, we may be eligible for the benefits of the United States-PRC income tax treaty (which the U.S. Treasury Department has determined is satisfactory for this purpose) and we would be treated as a qualified foreign corporation with respect to dividends paid on our Class A ordinary shares or ADSs. U.S. Holders should consult their tax advisors regarding the availability of the reduced tax rate on dividends in their particular circumstances. Dividends received on our ADSs or Class A ordinary shares will not be eligible for the dividends received deduction allowed to corporations.

For United States foreign tax credit purposes, dividends paid on our ADSs or Class A ordinary shares generally will be treated as income from foreign sources and generally will constitute passive category income. In the event that we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law, a U.S. Holder may be subject to PRC withholding taxes on dividends paid, if any, on our ADSs or Class A ordinary shares. A U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any foreign withholding taxes imposed on dividends received on our ADSs or Class A ordinary shares. A U.S. Holder who does not elect to claim a foreign tax credit for foreign tax withheld may instead claim a deduction for United States federal income tax purposes in respect of such withholding, but only for a year in which such holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

### *Sale or Other Disposition of ADSs or Class A Ordinary Shares*

A U.S. Holder will generally recognize capital gain or loss, if any, upon the sale or other disposition of ADSs or Class A ordinary shares in an amount equal to the difference between the amount realized upon the disposition and the holder's adjusted tax basis in such ADSs or Class A ordinary shares. Any capital gain or loss will be long-term gain or loss if the ADSs or Class A ordinary shares have been held for more than one year and will generally be United States source gain or loss for United States foreign tax credit purposes. In the event that we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law, and gain from the disposition of the ADSs or Class A ordinary shares is subject to tax in China, such gain may be treated as PRC source gain for foreign tax credit purposes under the United States-PRC income tax treaty. The deductibility of a capital loss may be subject to limitations. U.S. Holders are urged to consult their tax advisors regarding the tax consequences if a foreign tax is imposed on a disposition of our ADSs or Class A ordinary shares, including the availability of the foreign tax credit under their particular circumstances.

### *Passive Foreign Investment Company Rules*

If we are a PFIC for any taxable year during which a U.S. Holder holds our ADSs or Class A ordinary shares, unless the U.S. Holder makes a mark-to-market election (as described below), the U.S. Holder will generally be subject to special tax rules that have a penalizing effect, regardless of whether we remain a PFIC, on (i) any excess distribution that we make to the U.S. Holder (which generally means any distribution paid during a taxable year to a U.S. Holder that is greater than 125% of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the ADSs or Class A ordinary shares), and (ii) any gain realized on the sale or other disposition, including, under certain circumstances, a pledge, of ADSs or Class A ordinary shares. Under the PFIC rules:

- the excess distribution and/or gain will be allocated ratably over the U.S. Holder's holding period for the ADSs or Class A ordinary shares;
- the amount allocated to the current taxable year and any taxable years in the U.S. Holder's holding period prior to the first taxable year in which we are a PFIC, or pre-PFIC year, will be taxable as ordinary income; and
- the amount allocated to each prior taxable year, other than the current taxable year or a pre-PFIC year, will be subject to tax at the highest tax rate in effect applicable to the individuals or corporations, as appropriate, for that year and will be increased by an additional tax equal to interest on the resulting tax deemed deferred with respect to each such other taxable year.

If we are a PFIC for any taxable year during which a U.S. Holder holds our ADSs or Class A ordinary shares and any of our non-United States subsidiaries is also a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC and would be subject to the rules described above on certain distributions by a lower-tier PFIC and a disposition of shares of a lower-tier PFIC even though such U.S. Holder would not receive the proceeds of those distributions or dispositions. U.S. Holders should consult their tax advisors regarding the application of the PFIC rules to any of our subsidiaries.

As an alternative to the foregoing rules, if we are a PFIC, a U.S. Holder of "marketable stock" may make a mark-to-market election with respect to our ADSs, but not our Class A ordinary shares, provided that the ADSs continue to be listed on the NYSE and continue to be regularly traded. If a U.S. Holder makes this election, the holder will generally (i) include as ordinary income for each taxable year that we are a PFIC the excess, if any, of the fair market value of ADSs held at the end of the taxable year over the adjusted tax basis of such ADSs and (ii) deduct as an ordinary loss the excess, if any, of the adjusted tax basis of the ADSs over the fair market value of such ADSs held at the end of the taxable year, but such deduction will only be allowed to the extent of the net amount previously included in income as a result of the mark-to-market election. The U.S. Holder's adjusted tax basis in the ADSs would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a U.S. Holder makes a mark-to-market election and we cease to be a PFIC, the holder will not be required to take into account the mark-to-market gain or loss described above during any period that we are not a PFIC. If a U.S. Holder makes a mark-to-market election, any gain such U.S. Holder recognizes upon the sale or other disposition of our ADSs in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as ordinary loss, but such loss will only be treated as ordinary loss to the extent of the net amount previously included in income as a result of the mark-to-market election. In the case of a U.S. Holder who has held ADSs or Class A ordinary shares during any taxable year in respect of which we were classified as a PFIC and continues to hold such ADSs or Class A ordinary shares (or any portion thereof) and has not previously determined to make a mark-to-market election, and who is now considering making a mark-to-market election, special tax rules may apply relating to purging the PFIC taint of such ADSs or Class A ordinary shares.

Because, as a technical matter, a mark-to-market election cannot be made for any lower-tier PFICs that we may own, a U.S. Holder may continue to be subject to the PFIC rules with respect to such U.S. Holder's indirect interest in any investments held by us that are treated as an equity interest in a PFIC for United States federal income tax purposes.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections, which, if available, would result in tax treatment different from the general tax treatment for PFICs described above.

If a U.S. Holder owns our ADSs or Class A ordinary shares during any taxable year that we are a PFIC, the holder must file an annual report with the U.S. Internal Revenue Service. Each U.S. Holder is urged to consult its tax advisor concerning the United States federal income tax consequences of purchasing, holding, and disposing ADSs or Class A ordinary shares if we are or become a PFIC, including the possibility of making a mark-to-market election and the unavailability of the qualified electing fund election.

### ***Medicare Tax***

Recently enacted legislation generally imposes a 3.8% Medicare tax on a portion or all of the net investment income of certain individuals with a modified adjusted gross income of over \$200,000 (or \$250,000 in the case of joint filers or \$125,000 in the case of married individuals filing separately) and on the undistributed net investment income of certain estates and trusts. For these purposes, "net investment income" generally includes interest, dividends (including dividends paid with respect to our ADSs or Class A ordinary shares), annuities, royalties, rents, net gain attributable to the disposition of property not held in a trade or business (including net gain from the sale, exchange or other taxable disposition of an ADS or Class A ordinary share) and certain other income, reduced by any deductions properly allocable to such income or net gain. U.S. holders are urged to consult their tax advisors regarding the applicability of the Medicare tax to their income and gains in respect of their investment in the ADSs or Class A ordinary shares.

### ***Information Reporting and Backup Withholding***

Pursuant to the Hiring Incentives to Restore Employment Act enacted on March 18, 2010, in tax years beginning after the date of enactment, an individual U.S. Holder and certain entities may be required to submit to the IRS certain information with respect to his or her beneficial ownership of the ADSs or Class A ordinary shares, if such ADSs or Class A ordinary shares are not held on his or her behalf by a U.S. financial institution. This new law also imposes penalties if an individual U.S. Holder is required to submit such information to the IRS and fails to do so.

In addition, dividend payments with respect to the ADSs or Class A ordinary shares and proceeds from the sale, exchange or redemption of the ADSs or Class A ordinary shares may be subject to information reporting to the IRS and United States backup withholding. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification, or who is otherwise exempt from backup withholding. U.S. Holders should consult their tax advisors regarding the application of the United States information reporting and backup withholding rules. Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder's United States federal income tax liability, and a U.S. Holder generally may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the Internal Revenue Service and furnishing any required information.

## **F. Dividends and Paying Agents**

Not applicable.

## **G. Statements by Experts**

Not applicable.

## **H. Documents on Display**

We previously filed with the SEC our registration statement on Form F-1 (Registration No. 333-191424), as amended, including the prospectus contained therein, to register our ordinary shares in relation to our initial public offering and our registration statement on Form F-1 (File Number: 333-194610), as amended, including the prospectus contained therein, to register our ordinary shares in relation to a follow-on public offering. We have also filed with the SEC a related registration statement on F-6 (Registration No. 333-191776) to register the ADSs.

We are subject to the periodic reporting and other informational requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC, including filing annually a Form 20-F within four months after the end of each fiscal year, which is December 31. Copies of reports and other information, when so filed, may be inspected without charge and may be obtained at prescribed rates at the public reference facilities maintained by the Securities and Exchange Commission at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information regarding the Washington, D.C. Public Reference Room by calling the Commission at 1-800-SEC-0330. The SEC also maintains a website at [www.sec.gov](http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

We will furnish Citibank, N.A., the depository of our ADSs, with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meetings and other reports and communications that are made generally available to our shareholders. The depository will make such notices, reports and communications available to holders of ADSs and, upon our written request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depository from us.

## **I. Subsidiary Information**

Not applicable.

## **ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

### **Foreign Exchange Risk**

Our operating transactions and assets and liabilities are mainly denominated in Renminbi. The Renminbi is not freely convertible into foreign currencies for capital account transactions. The value of the RMB against 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 RMB 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 RMB and the U.S. dollar remained within a narrow band. Since June 2010, the RMB 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 RMB and the U.S. dollar in the future. The net foreign exchange loss recognized in 2015 was insignificant. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk.

## Interest Rate Risk

Our exposure to interest rate risk primarily relates to excess cash invested in fixed rate term deposits and variable rate short-term financial products with original maturities of less than a year. Investments in both fixed rate and variable rate interest-earning instruments carry a degree of interest rate risk. Fixed rate instruments may have their fair market value adversely impacted due to a rise in interest rates, while variable rate instruments may produce less income than expected if interest rates fall. Due in part to these factors, our future interest income and investment income may fall short of expectations due to changes in market interest rates. We have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in market interest rates, and therefore have not used any derivative financial instruments to manage our interest risk exposure.

## ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

### A. Debt Securities

Not applicable.

### B. Warrants and Rights

Not applicable.

### C. Other Securities

Not applicable.

### D. American Depositary Shares

#### Fees and Charges Our ADS Holders May Have to Pay

Holders of our ADSs will be required to pay the following service fees to the depositary bank:

| <u>Service</u>  | <u>Fees</u>  |
|---|--|
| • Issuance of ADSs  | Up to U.S. 5¢ per ADS issued   |
| • Cancellation of ADSs  | Up to U.S. 5¢ per ADS canceled   |
| • Distribution of cash dividends or other cash distributions  | Up to U.S. 5¢ per ADS held   |
| • Distribution of ADSs pursuant to stock dividends, free stock distributions or exercise of rights. | Up to U.S. 5¢ per ADS held   |
| • Distribution of securities other than ADSs or rights to purchase additional ADSs                  | Up to U.S. 5¢ per ADS held   |
| • Depositary Services   | Up to U.S. 5¢ per ADS held on the applicable record date(s) established by the depositary bank |

Holders of our ADSs will also be responsible to pay certain fees and expenses incurred by the depositary bank and certain taxes and governmental charges such as:

- fees for the transfer and registration of ordinary shares charged by the registrar and transfer agent for the ordinary shares in the Cayman Islands (i.e., upon deposit and withdrawal of ordinary shares);
- expenses incurred for converting foreign currency into U.S. dollars;
- expenses for cable, telex and fax transmissions and for delivery of securities;
- taxes and duties upon the transfer of securities (i.e., when ordinary shares are deposited or withdrawn from deposit); and

- fees and expenses incurred in connection with the delivery or servicing of ordinary shares on deposit.

Depository fees payable upon the issuance and cancellation of ADSs are typically paid to the depository bank by the brokers (on behalf of their clients) receiving the newly issued ADSs from the depository bank and by the brokers (on behalf of their clients) delivering the ADSs to the depository bank for cancellation. The brokers in turn charge these fees to their clients. Depository fees payable in connection with distributions of cash or securities to ADS holders and the depository services fee are charged by the depository bank to the holders of record of ADSs as of the applicable ADS record date.

The depository fees payable for cash distributions are generally deducted from the cash being distributed. In the case of distributions other than cash (i.e., stock dividend, rights), the depository bank charges the applicable fee to the ADS record date holders concurrent with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or uncertificated in direct registration), the depository bank sends invoices to the applicable record date ADS holders. In the case of ADSs held in brokerage and custodian accounts (via DTC), the depository bank generally collects its fees through the systems provided by DTC (whose nominee is the registered holder of the ADSs held in DTC) from the brokers and custodians holding ADSs in their DTC accounts. The brokers and custodians who hold their clients' ADSs in DTC accounts in turn charge their clients' accounts the amount of the fees paid to the depository banks.

In the event of refusal to pay the depository fees, the depository bank may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depository fees from any distribution to be made to the ADS holder.

The fees and charges holders of our ADSs may be required to pay may vary over time and may be changed by us and by the depository bank. Holders of our ADSs will receive prior notice of such changes.

#### **Fees and Other Payments Made by the Depository to Us**

The depository bank may reimburse us for certain expenses incurred by us in respect of the ADR program established pursuant to the deposit agreement, by making available a portion of the depository fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depository bank may agree from time to time. We did not receive any reimbursement from the depository in 2015.

## PART II

### ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

### ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

#### Material Modifications to the Rights of Security Holders

See “Item 10. Additional Information — B. Memorandum and Articles of Association — Ordinary Shares” for a description of the rights of securities holders, which remain unchanged.

#### Use of Proceeds

The following “Use of Proceeds” information relates to the registration statement on Form F-1, as amended (File Number: 333-191424), which became effective on October 30, 2013.

We received net proceeds of approximately US\$200.0 million from our initial public offering. These net proceeds were used in following investing activities:

- approximately US\$185.4 million for the purchase of new office buildings; and
- the remainder for the purchase of long-term investments.

### ITEM 15. CONTROLS AND PROCEDURES

#### Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(f) under the Securities Exchange Act of 1934, as amended) as of December 31, 2015, the end of the period covered by this annual report, and has concluded that, as of such date, our disclosure controls and procedures were ineffective due to the material weakness that existed in our disclosure controls and procedures described below in “Management’s Annual Report on Internal Control over Financial Reporting.”

#### Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act, for our Company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with generally accepted accounting principles, including those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of a company’s assets, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that a company’s receipts and expenditures are being made only in accordance with authorizations of a company’s management and directors, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of a company’s assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance with respect to consolidated financial statement preparation and presentation and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As required by Section 404 of the Sarbanes-Oxley Act of 2002 and related rules promulgated by the Securities and Exchange Commission, our management, including our chief executive officer and chief financial officer, assessed the effectiveness of internal control over financial reporting as of December 31, 2015 using the criteria set forth in the report “Internal Control — Integrated Framework (2013)” published by the Committee of Sponsoring Organizations of the Treadway Commission (known as COSO). When our management was assessing the effectiveness of internal control over financial reporting as of December 31, 2015, we had excluded Falcon View Technology and Beijing 58 Auto Technology Co., Ltd. (formerly known as Beijing Leftbrain Network Technology Co., Ltd.), which were consolidated by us during 2015. The total assets and total revenues of Falcon View Technology represent 3.3% and 10.3%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2015. The total assets and total revenues of Beijing 58 Auto Technology Co., Ltd. represent 0.7% and 0.2%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2015.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis. As a result of management’s evaluation of our internal control over financial reporting, the following material weakness in our internal control over financial reporting was identified as of December 31, 2015.

- We did not have adequate resources with an appropriate level of knowledge in U.S. GAAP to properly account for significant complex transactions under U.S. GAAP. As a result, certain significant complex transactions were not initially accounted for properly.

Because of the material weakness described above, our management has concluded that we did not maintain effective internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2015 has been audited by PricewaterhouseCoopers Zhong Tian LLP, an independent registered public accounting firm, as stated in their report which is included in Item 18 of this Annual Report.

#### **Remediation of Material Weaknesses in Internal Control over Financial Reporting Reported in 2014**

We believe as of December 31, 2015, we had effectively remediated the material weakness in internal control over financial reporting that was included in "Management's Annual Report on Internal Control over Financial Reporting" in "Item 15—Controls and Procedures" contained in our Annual Report on Form 20-F for the fiscal year ended December 31, 2014:

- Lack of sufficient accounting personnel to perform the reconciliation controls over advertising expenses related accounts.

During 2015, we designed and implemented remediation measures to address the material weakness listed above. As described in our Annual Report on Form 20-F for fiscal year 2014, the remediation measures included (1) hiring additional qualified staff to perform the account balance reconciliation for the advertising expenses related accounts; (2) allocating additional review resources to review the account reconciliations and other controls for the advertising expense related accounts, and (3) adding additional detective controls such as confirming the material advertising expense related account balance at quarter end with third parties and an additional review performed by a separate team in the finance department for key advertising expenses accounts.

#### **Management's Plan for Remediation of Material Weakness**

Our management has been engaged in, and continues to be engaged in making necessary changes and improvements to the overall design of our control environment to address the material weakness in internal control over financial reporting and the ineffectiveness of our disclosure controls and procedures described above.

To remediate the material weakness described above with respect to controls over significant complex transactions, we plan to continue to: (1) hire additional accounting personnel with appropriate knowledge and experience; (2) provide more comprehensive training on knowledge of U.S. GAAP and controls over financial reporting to our accounting team and other relevant personnel, and encourage them to fulfill annual continuing professional education requirements; and (3) enhance our accounting manual to provide our accounting team with more comprehensive guidelines on the accounting policies under U.S. GAAP and SEC rules and requirements.

We consider that the actions, as listed above, will remediate the material weakness referred to above, and help strengthen our general internal controls and procedures over financial reporting. However, the process of designing and implementing an effective financial reporting system represents a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a financial reporting system that is adequate to satisfy our reporting obligations. While we have developed a remediation plan to address this material weakness, this remediation plan or any additional plan we decide to implement may be insufficient to address our current material weakness and any additional material weaknesses that may be discovered in the future.

#### **Changes in Internal Control over Financial Reporting**

During 2015, we have done the following with respect to improving internal controls over financial reporting: (1) we continue to hire additional finance staff with experiences in big 4 public accounting companies and multinational corporations; (2) we continue to review, test and enhance our internal controls for the business; and (3) we continue to engage an external consulting firm to assist us to assess Sarbanes-Oxley compliance.

Other than as described above, there were no major changes in our internal controls over financial reporting that occurred during the period covered by this annual report that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

#### **ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT**

Our board of directors has determined that Herman Yu qualifies as an audit committee financial expert and that Herman Yu qualifies as an independent director (under the standards set forth under Section 303A of the Corporate Governance Rules of the New York Stock Exchange and Rule 10A-3 under the Exchange Act).

#### **ITEM 16B. CODE OF ETHICS**

Our board of directors adopted a code of business conduct and ethics that applies to our directors, officers, employees and advisors, which became effective in November 2013. We have posted a copy of our code of business conduct and ethics on our website at [www.58.com](http://www.58.com).

**ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The following tables sets forth the aggregate fees by the categories specified below in connection with certain professional services rendered by PricewaterhouseCoopers Zhong Tian LLP, our independent registered public accounting firm for the years ended December 31, 2014 and 2015. We did not pay any other fees to our auditors during the periods indicated below.

|                           | <u>2014</u>            | <u>2015</u> |
|---------------------------|------------------------|-------------|
|                           | (in thousands of US\$) |             |
| Audit fees <sup>(1)</sup> | 1,409                  | 3,319       |
| Tax fees <sup>(2)</sup>   | —                      | 51          |
| Other fees <sup>(3)</sup> | 335                    | 298         |

(1) “Audit fees” represent the aggregate fees for professional services rendered by our principal auditors for the audit of our annual consolidated financial statements.

(2) “Tax fees” represent the aggregate fees for professional services rendered by our principal auditors for tax compliance, tax advice and tax planning.

(3) “Other fees” represent the aggregate fees for services rendered other than services reported under “Audit fees”, “Audit-related fees” and “Tax fees” provided by our principal auditors.

The policy of our audit committee is to pre-approve all audit and non-audit services to be provided by PricewaterhouseCoopers Zhong Tian LLP, including audit services, audit-related services, tax services and other services are described above, other than those for de minimis services which are approved by the audit committee prior to the completion of the audit.

**ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES**

Not applicable.

**ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS**

Not applicable.

**ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT**

Not applicable.

**ITEM 16G. CORPORATE GOVERNANCE**

As a Cayman Islands company listed on the NYSE, we are subject to the NYSE corporate governance listing standards. Among other things, Section 303A.08 of the NYSE Listed Company Manual requires shareholder approval of material revisions to equity-compensation plans and Section 312.03(c) of the NYSE Listed Company Manual requires shareholder approval of new share issuances above the 20% threshold specified therein. However, NYSE rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, differ significantly from the NYSE corporate governance listing standards. We have elected to follow the Cayman Islands practices with respect to the amendment of our 2013 Plan to increase the total number of ordinary shares that may be issued pursuant to awards granted under the plan by 7,000,000 Class B ordinary shares in April 2015. In addition, we have also elected to follow the Cayman Islands practices with respect to the issuance of new ordinary shares above the 20% threshold to Tencent and former shareholders of Ganji in April 2015 and the issuance of new ordinary shares above the 20% threshold to certain private equity funds and issuance of a convertible promissory note to Tencent in July 2015, as specified in Section 312.03(c). We have followed the home country practice and obtained the board approval but not shareholder approval for amending our 2013 Plan and the share issuances as described above.

Other than the two matters described above, there are no significant differences between our corporate governance practices and those followed by U.S. domestic companies under the NYSE Listed Company Manual.

**ITEM 16H. MINE SAFETY DISCLOSURE**

Not applicable.

**PART III**

**ITEM 17. FINANCIAL STATEMENTS**

We have elected to provide financial statements pursuant to Item 18.

**ITEM 18. FINANCIAL STATEMENTS**

The consolidated financial statements of 58.com Inc. are included at the end of this annual report.

**ITEM 19. EXHIBITS**

| <b>Exhibit Number</b> | <b>Description of Document</b>   |
|-----------------------|--|
| 1.1                   | Third Amended and Restated Memorandum and Articles of Association of the Registrant (incorporated herein by reference to Exhibit 3.2 to the registration statement on Form F-1 (File No. 333-191424), as amended, initially filed with the Security and Exchange Commission on September 27, 2013).  |
| 2.1                   | Registrant's Specimen American Depositary Receipt (incorporated herein by reference to Exhibit 4.3 to the registration statement on Form F-1 (File No. 333-191424), as amended, initially filed with the Security and Exchange Commission on September 27, 2013).  |
| 2.2                   | Registrant's Specimen Certificate for Class A Ordinary Shares (incorporated herein by reference to Exhibit 4.2 to the registration statement on Form F-1 (File No. 333-191424), as amended, initially filed with the Security and Exchange Commission on September 27, 2013).  |
| 2.3                   | Deposit Agreement dated October 31, 2013, among the Registrant, the depository and holders of the American Depositary Receipts (incorporated herein by reference to Exhibit 4.3 to the registration statement on Form S-8 (File No. 333-194873), initially filed with the Security and Exchange Commission on March 28, 2014).   |
| 2.4                   | Amended and Restated Shareholders' Agreement dated as of August 4, 2011 among the Registrant, its ordinary shareholders and preference shareholders (incorporated herein by reference to Exhibit 4.5 to the registration statement on Form F-1 (File No. 333-191424), as amended, initially filed with the Security and Exchange Commission on September 27, 2013).  |
| 4.1                   | 2010 Employee Stock Option Plan (incorporated herein by reference to Exhibit 10.1 to the registration statement on Form F-1 (File No. 333-191424), as amended, initially filed with the Security and Exchange Commission on September 27, 2013).   |
| 4.2                   | 2013 Share Incentive Plan (incorporated herein by reference to Exhibit 10.2 to the registration statement on Form F-1 (File No. 333-191424), as amended, initially filed with the Security and Exchange Commission on September 27, 2013).   |
| 4.3                   | Form of Indemnification Agreement with the Registrant's directors and executive officers (incorporated herein by reference to Exhibit 10.3 to the registration statement on Form F-1 (File No. 333-191424), as amended, initially filed with the Security and Exchange Commission on September 27, 2013).  |
| 4.4                   | Form of Employment Agreement between the Registrant and an executive officer of the Registrant (incorporated herein by reference to Exhibit 10.4 to the registration statement on Form F-1 (File No. 333-191424), as amended, initially filed with the Security and Exchange Commission on September 27, 2013).  |
| 4.5                   | English translation of the Amended and Restated Exclusive Business Cooperation Agreement between Beijing Chengshi Wanglin Information Technology Co., Ltd. and Beijing 58 Information Technology Co., Ltd. dated October 10, 2011 (incorporated herein by reference to Exhibit 10.5 to the registration statement on Form F-1 (File No. 333-191424), as amended, initially filed with the Security and Exchange Commission on September 27, 2013). |

| Exhibit<br>Number | Description of Document  |
|-------------------|--|
| 4.6               | English translation of the Equity Interest Pledge Agreements, as amended and restated, among Beijing Chengshi Wanglin Information Technology Co., Ltd., Beijing 58 Information Technology Co., Ltd. and each of the shareholders of Beijing 58 Information Technology Co., Ltd. dated June 28, 2013 (incorporated herein by reference to Exhibit 10.6 to the registration statement on Form F-1 (File No. 333-191424), as amended, initially filed with the Security and Exchange Commission on September 27, 2013). |
| 4.7               | English translation of the Exclusive Option Agreements, as amended and restated, among Beijing Chengshi Wanglin Information Technology Co., Ltd., Beijing 58 Information Technology Co., Ltd. and each of the shareholders of Beijing 58 Information Technology Co., Ltd. dated June 28, 2013 (incorporated herein by reference to Exhibit 10.7 to the registration statement on Form F-1 (File No. 333-191424), as amended, initially filed with the Security and Exchange Commission on September 27, 2013).       |
| 4.8               | English translation of Power of Attorney issued by each of the shareholders of Beijing 58 Information Technology Co., Ltd. dated June 28, 2013 (incorporated herein by reference to Exhibit 10.8 to the registration statement on Form F-1 (File No. 333-191424), as amended, initially filed with the Security and Exchange Commission on September 27, 2013).  |
| 4.9               | English translation of Loan Agreements between Beijing Chengshi Wanglin Information Technology Co., Ltd. and each of the individual shareholders of Beijing 58 Information Technology Co., Ltd. (incorporated herein by reference to Exhibit 10.9 to the registration statement on Form F-1 (File No. 333-191424), as amended, initially filed with the Security and Exchange Commission on September 27, 2013).   |
| 4.10              | Investment Agreement, dated June 27, 2014, between the Registrant and Ohio River Investment Limited (incorporated herein by reference to Exhibit 4.13 of the Registrant's Annual Report on Form 20-F filed with the Securities and Exchange Commission on April 29, 2015).   |
| 4.11              | Investor Rights Agreement, dated June 30, 2014, between the Registrant, Ohio River Investment Limited, Nihao China Corporation and Jinbo Yao (incorporated herein by reference to Exhibit 4.14 of the Registrant's Annual Report on Form 20-F filed with the Securities and Exchange Commission on April 29, 2015).  |
| 4.12              | Form of Share Repurchase Agreement, dated June 27, 2014, between the Registrant and each of DCM Affiliates Fund V, L.P., DCM V, L.P., SB Asia Investment Fund II L.P., Dong Yang, and WP X Asia Online Investment Holdings Limited, respectively (incorporated herein by reference to Exhibit 4.15 of the Registrant's Annual Report on Form 20-F filed with the Securities and Exchange Commission on April 29, 2015).  |
| 4.13*             | English Summary of Cooperation Agreement, dated September 25, 2014, by and between Beijing Electronics Zone Investment and Development Co., Ltd. and Beijing Chengshi Wanglin Information Technology Co., Ltd.   |
| 4.14*             | Share Purchase Agreement, dated February 28, 2015, by and among the Registrant, Anjuke Inc. and the other parties named therein.   |
| 4.15*             | Share Purchase Agreement, dated April 17, 2015, by and among the Registrant and certain selling shareholders of Falcon View Technology.  |
| 4.16*             | Registration Rights Agreement, dated April 20, 2015, by and among the Registrant and parties set forth in Schedule 1 thereto.  |
| 4.17              | Investment Agreement, dated April 17, 2015, between the Registrant and Ohio River Investment Limited (incorporated herein by reference to Exhibit 99.1 of the Schedule 13D/A (File No. 005-87683) filed with the Securities and Exchange Commission on April 20, 2015).  |
| 4.18*             | Xiaoxiang International Technology Venture Capital LP Subscription Agreement, dated July 29, 2015, between Dream Wizard Inc. and Xiaoxiang International Technology Venture Capital LP   |
| 4.19*             | Goliath Internet Opportunities, L.P. Subscription Agreement, dated July 31, 2015, between Dream Wizard Inc. and Goliath Internet Opportunities, L.P.   |
| 4.20*             | Zero2IPO Partners I, L.P. Subscription Agreement, dated August 3, 2015, between Dream Wizard Inc. and Zero2IPO Partners I, L.P.  |

| <b>Exhibit<br/>Number</b> | <b>Description of Document</b>   |
|---------------------------|--|
| 4.21                      | Bridge Loan Agreement, dated July 31, 2015, between the Registrant and Ohio River Investment Limited (incorporated herein by reference to Exhibit 1 of the Schedule 13D/A (File No. 005-87683) filed with the Securities and Exchange Commission on August 5, 2015).                         |
| 4.22                      | Convertible Promissory Note, dated July 31, 2015, issued to Ohio River Investment Limited by the Registrant (incorporated herein by reference to Exhibit 2 of the Schedule 13D/A (File No. 005-87683) filed with the Securities and Exchange Commission on August 5, 2015).                  |
| 4.23                      | Amendment to Bridge Loan Agreement, dated December 11, 2015, between the Registrant and Ohio River Investment Limited (incorporated herein by reference to Exhibit 1 of the Schedule 13D/A (File No. 005-87683) filed with the Securities and Exchange Commission on December 15, 2015).     |
| 4.24                      | Convertible Promissory Note, dated December 11, 2015, issued to Ohio River Investment Limited by the Registrant (incorporated herein by reference to Exhibit 2 of the Schedule 13D/A (File No. 005-87683) filed with the Securities and Exchange Commission on December 15, 2015).           |
| 4.25*                     | Series A Preferred Shares Subscription Agreement, dated October 12, 2015, by and among the Registrant, 58 Daojia Inc. and other parties named therein.   |
| 4.26*                     | English translation of the Exclusive Business Cooperation Agreement between Beijing 58 Daojia Information Technology Co., Ltd. and Tianjin 58 Daojia Home Services Co., Ltd. dated August 5, 2015.   |
| 4.27*                     | English translation of the Equity Interest Pledge Agreements among Beijing 58 Daojia Information Technology Co., Ltd., Tianjin 58 Daojia Home Services Co., Ltd. and each of the shareholders of Tianjin 58 Daojia Home Services Co., Ltd. dated August 5, 2015.                             |
| 4.28*                     | English translation of the Exclusive Option Agreements among Beijing 58 Daojia Information Technology Co., Ltd., Tianjin 58 Daojia Home Services Co., Ltd. and each of the shareholders of Tianjin 58 Daojia Home Services Co., Ltd. dated August 5, 2015.                                   |
| 4.29*                     | English translation of Power of Attorney issued by each of the shareholders of Tianjin 58 Daojia Home Services Co., Ltd. dated August 5, 2015.   |
| 4.30*                     | English translation of Loan Agreements between Beijing 58 Daojia Information Technology Co., Ltd. and each of the shareholders of Tianjin 58 Daojia Home Services Co., Ltd. dated August 5, 2015.  |
| 4.31*                     | English translation of the Exclusive Business Cooperation Agreement between Beijing Yangguang Gudi Science Development Co., Ltd. and Beijing Shanjing Kechuang Network Technology Co., Ltd. dated August 6, 2015.  |
| 4.32*                     | English translation of the Equity Interest Pledge Agreements among Beijing Yangguang Gudi Science Development Co., Ltd., Beijing Shanjing Kechuang Network Technology Co., Ltd. and each of the shareholders of Beijing Shanjing Kechuang Network Technology Co., Ltd. dated August 6, 2015. |
| 4.33*                     | English translation of the Exclusive Option Agreements among Beijing Yangguang Gudi Science Development Co., Ltd., Beijing Shanjing Kechuang Network Technology Co., Ltd. and each of the shareholders of Beijing Shanjing Kechuang Network Technology Co., Ltd. dated August 6, 2015.       |
| 4.34*                     | English translation of Power of Attorney issued by each of the shareholders of Beijing Shanjing Kechuang Network Technology Co., Ltd. dated August 6, 2015.  |
| 4.35*                     | English translation of Loan Agreements between Beijing Yangguang Gudi Science Development Co., Ltd. and each of the shareholders of Beijing Shanjing Kechuang Network Technology Co., Ltd. dated August 6, 2015.   |
| 8.1*                      | Principal subsidiaries of the Registrant   |
| 11.1                      | Code of Business Conduct and Ethics of the Registrant (incorporated herein by reference to Exhibit 99.1 to the registration statement on Form F-1 (File No. 333-191424), as amended, initially filed with the Security and Exchange Commission on September 27, 2013).                       |
| 12.1*                     | Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002   |
| 12.2*                     | Certification by Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002   |

| <b>Exhibit<br/>Number</b> | <b>Description of Document</b>   |
|---------------------------|--|
| 13.1**                    | Certification by Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 13.2**                    | Certification by Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 15.1*                     | Consent of PricewaterhouseCoopers Zhong Tian LLP, Independent Registered Public Accounting Firm        |
| 15.2*                     | Consent of Han Kun Law Offices   |
| 101.INS*                  | XBRL Instance Document   |
| 101.SCH*                  | XBRL Taxonomy Extension Schema Document  |
| 101.CAL*                  | XBRL Taxonomy Extension Calculation Linkbase Document  |
| 101.DEF*                  | XBRL Taxonomy Extension Definition Linkbase Document   |
| 101.LAB*                  | XBRL Taxonomy Extension Labels Linkbase Document   |
| 101.PRE*                  | XBRL Taxonomy Extension Presentation Linkbase Document   |

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\* Filed herewith

\*\* Furnished herewith

## SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing its annual report on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

58.com Inc.

By: /s/ Jinbo Yao

Name: Jinbo Yao

Title: Chairman and Chief Executive Officer

Date: May 13, 2016

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## Report of Independent Registered Public Accounting Firm

To the Board of Director and Shareholders of 58.com Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of comprehensive income/(loss), of changes in shareholders' equity/(deficit) and of cash flows present fairly, in all material respects, the financial position of 58.com Inc. and its subsidiaries at December 31, 2015 and December 31, 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) because a material weakness in internal control over financial reporting relating to the lack of adequate resources with an appropriate level of knowledge in U.S. GAAP to properly account for significant complex transactions under U.S. GAAP, existed as of that date. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness referred to above is described in Management's Annual Report on Internal Control over Financial Reporting included in Item 15 of this Annual Report on Form 20-F. We considered this material weakness in determining the nature, timing, and extent of audit tests applied in our audit of the 2015 consolidated financial statements, and our opinion regarding the effectiveness of the Company's internal control over financial reporting does not affect our opinion on those consolidated financial statements. The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in management's report referred to above. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As described in Management's Annual Report on Internal Control over Financial Reporting included in Item 15 of this Annual Report on Form 20-F, management has excluded Falcon View Technology and Beijing 58 Auto Technology Co., Ltd. (formerly known as Beijing Leftbrain Network Technology Co., Ltd.) from its assessment of internal control over financial reporting as of December 31, 2015 because they were consolidated by the Company during 2015. We have also excluded Falcon View Technology and Beijing 58 Auto Technology Co., Ltd., subsidiaries of the Company, from our audit of internal control over financial reporting. The total assets and total revenues of Falcon View Technology represent 3.3% and 10.3%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2015. The total assets and total revenues of Beijing 58 Auto Technology Co., Ltd. represent 0.7% and 0.2%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2015.

We do not express an opinion or any other form of assurance on management's statements referring to management's actions and plans of remediation of the identified material weakness included in the Management's Annual Report on Internal Control over Financial Reporting.

/s/ PricewaterhouseCoopers Zhong Tian LLP  
Beijing, the People's Republic of China  
May 13, 2016

**58.com Inc.**  
**CONSOLIDATED BALANCE SHEETS**  
**As of December 31, 2014 and 2015**

(U.S. dollars in thousands, except share data and per share data, unless otherwise noted)

|  | As of December 31 |                  |
|--|-------------------|------------------|
|  | 2014              | 2015             |
| <b>ASSETS</b>  |                   |                  |
| <b>Current assets:</b>   |                   |                  |
| Cash and cash equivalents  | 111,376           | 483,305          |
| Restricted cash  | 1,314             | 4,841            |
| Term deposits  | 281,513           | —                |
| Short-term investments   | 216,146           | 41,218           |
| Accounts receivable (net of allowance for doubtful accounts of US\$ nil and US\$5,885 as of December 31, 2014 and 2015, respectively)  | 6,282             | 54,031           |
| Prepayments and other current assets   | 24,131            | 76,878           |
| <b>Total current assets</b>  | <b>640,762</b>    | <b>660,273</b>   |
| <b>Non-current assets:</b>   |                   |                  |
| Property and equipment, net  | 17,899            | 123,093          |
| Intangible assets, net   | 460               | 271,457          |
| Land use rights, net   | —                 | 592              |
| Goodwill   | —                 | 2,461,193        |
| Long-term investments  | 23,784            | 391,261          |
| Long-term prepayments and other non-current assets   | 21,027            | 159,324          |
| <b>Total non-current assets</b>  | <b>63,170</b>     | <b>3,406,920</b> |
| <b>Total assets</b>  | <b>703,932</b>    | <b>4,067,193</b> |
| <b>LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' EQUITY</b>  |                   |                  |
| <b>Current liabilities:</b>  |                   |                  |
| Short-term loans   | —                 | 275,000          |
| Accounts payable (including accounts payable of the consolidated variable interest entities (“VIEs”) without recourse to the Company of US\$6,698 and US\$25,261 as of December 31, 2014 and 2015, respectively)   | 16,029            | 101,635          |
| Deferred revenues (including deferred revenues of the consolidated VIEs without recourse to the Company of US\$62,455 and US\$115,498 as of December 31, 2014 and 2015, respectively)  | 95,336            | 207,059          |
| Customer advances and deposits (including customer advances and deposits of the consolidated VIEs without recourse to the Company of US\$10,095 and US\$58,268 as of December 31, 2014 and 2015, respectively)   | 35,983            | 151,138          |
| Taxes payable (including taxes payable of the consolidated VIEs without recourse to the Company of US\$1,637 and US\$2,690 as of December 31, 2014 and 2015, respectively)   | 7,392             | 10,216           |
| Salary and welfare payable (including salary and welfare payable of the consolidated VIEs without recourse to the Company of US\$11,343 and US\$38,781 as of December 31, 2014 and 2015, respectively)   | 28,804            | 79,115           |
| Accrued expenses and other current liabilities (including accrued expenses and other current liabilities of the consolidated VIEs without recourse to the Company of US\$6,681 and US\$12,168 as of December 31, 2014 and 2015, respectively)  | 13,071            | 335,901          |
| <b>Total current liabilities</b>   | <b>196,615</b>    | <b>1,160,064</b> |
| <b>Non-current liabilities:</b>  |                   |                  |
| Deferred tax liabilities (including deferred tax liabilities of the consolidated VIEs without recourse to the Company of US\$ nil and US\$58,041 as of December 31, 2014 and 2015, respectively)   | —                 | 66,238           |
| Other non-current liabilities (including other non-current liabilities of the consolidated VIEs without recourse to the Company of US\$ nil and US\$308 as of December 31, 2014 and 2015, respectively)  | —                 | 3,992            |
| <b>Total non-current liabilities</b>   | <b>—</b>          | <b>70,230</b>    |
| <b>Total liabilities</b>   | <b>196,615</b>    | <b>1,230,294</b> |
| <b>Commitments and contingencies (Note 24)</b>   |                   |                  |
| <b>Mezzanine equity:</b>   |                   |                  |
| Mezzanine classified noncontrolling interests  | —                 | 15,038           |
| <b>Total mezzanine equity</b>  | <b>—</b>          | <b>15,038</b>    |
| <b>Shareholders' equity:</b>   |                   |                  |
| <b>58.com Inc. shareholders' equity</b>  |                   |                  |
| Ordinary shares (US\$0.00001 par value, 5,000,000,000 and 5,000,000,000 (including 4,800,000,000 Class A and 200,000,000 Class B) shares authorized, 176,375,211 (including 101,574,732 Class A and 74,800,479 Class B) and 283,068,677 (including 219,413,764 Class A and 63,654,913 Class B) shares issued and outstanding as of December 31, 2014 and 2015, respectively) | 2                 | 3                |
| Additional paid-in capital   | 624,381           | 3,353,411        |
| Accumulated deficit  | (115,775)         | (365,811)        |
| Accumulated other comprehensive loss   | (1,291)           | (172,828)        |
| <b>Total 58.com Inc. shareholders' equity</b>  | <b>507,317</b>    | <b>2,814,775</b> |
| <b>Noncontrolling interests</b>  | <b>—</b>          | <b>7,086</b>     |
| <b>Total shareholders' equity</b>  | <b>507,317</b>    | <b>2,821,861</b> |
| <b>Total liabilities, mezzanine equity and shareholders' equity</b>  | <b>703,932</b>    | <b>4,067,193</b> |

The accompanying notes are an integral part of these consolidated financial statements.

**58.com Inc.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)**  
**For the Years Ended December 31, 2013, 2014 and 2015**  
(U.S. dollars in thousands, except share, per share and per ADS data, unless otherwise noted)

|  | <b>For the Year Ended December 31,</b> |                  |                  |
|--|--|------------------|------------------|
|  | <b>2013</b>                            | <b>2014</b>      | <b>2015</b>      |
| <b>Revenues:</b>   |  |                  |                  |
| Membership   | 85,725                                 | 139,490          | 297,150          |
| Online marketing services  | 58,457                                 | 125,033          | 385,543          |
| E-commerce services  | —                                      | —                | 23,046           |
| Other services   | 1,565                                  | 455              | 9,097            |
| Total revenues   | <u>145,747</u>                         | <u>264,978</u>   | <u>714,836</u>   |
| <b>Cost of revenues<sup>(1)</sup></b>  | <u>(8,471)</u>                         | <u>(13,844)</u>  | <u>(51,268)</u>  |
| <b>Gross profit</b>  | <u>137,276</u>                         | <u>251,134</u>   | <u>663,568</u>   |
| <b>Operating expenses<sup>(1)</sup>:</b>   |  |                  |                  |
| Sales and marketing expenses   | (84,534)                               | (180,148)        | (689,014)        |
| Research and development expenses  | (25,138)                               | (43,676)         | (121,404)        |
| General and administrative expenses  | (12,983)                               | (20,633)         | (105,049)        |
| <b>Total operating expenses</b>  | <u>(122,655)</u>                       | <u>(244,457)</u> | <u>(915,467)</u> |
| <b>Income/(loss) from operations</b>   | <u>14,621</u>                          | <u>6,677</u>     | <u>(251,899)</u> |
| <b>Other income/(expenses):</b>  |  |                  |                  |
| Interest income  | 603                                    | 8,527            | 4,180            |
| Interest expense   | —                                      | —                | (8,191)          |
| Investment income/(loss), net  | 2,728                                  | 10,245           | (139,779)        |
| Gain on deconsolidation and disposal of businesses   | —                                      | —                | 119,238          |
| Foreign currency exchange gain/(loss), net   | 548                                    | (2,510)          | (1,743)          |
| Others, net  | 1,057                                  | 5,891            | 7,286            |
| <b>Income/(loss) before tax</b>  | <u>19,557</u>                          | <u>28,830</u>    | <u>(270,908)</u> |
| Income tax benefits/(expenses)   | —                                      | (6,186)          | 7,952            |
| <b>Net income/(loss)</b>   | <u>19,557</u>                          | <u>22,644</u>    | <u>(262,956)</u> |
| Add: Net loss attributable to noncontrolling interests   | —                                      | —                | 12,920           |
| Less: Deemed dividend to mezzanine classified noncontrolling interests   | —                                      | —                | (898)            |
| Accretion to preference shares redemption values   | (9,134)                                | —                | —                |
| Income attributable to preference shareholders   | (1,230)                                | —                | —                |
| <b>Net income/(loss) attributable to 58.com Inc.</b>   | <u>9,193</u>                           | <u>22,644</u>    | <u>(250,934)</u> |
| <b>Net income/(loss)</b>   | <u>19,557</u>                          | <u>22,644</u>    | <u>(262,956)</u> |
| <b>Other comprehensive income/(loss):</b>  |  |                  |                  |
| Foreign currency translation adjustment, net of nil tax  | (570)                                  | 396              | (174,419)        |
| Unrealized gain/(loss) on available-for-sale securities  | —                                      | (1,111)          | 2,978            |
| <b>Total comprehensive income/(loss)</b>   | <u>18,987</u>                          | <u>21,929</u>    | <u>(434,397)</u> |
| Net income/(loss) per ordinary share attributable to ordinary shareholders - basic                                 | 0.14                                   | 0.13             | (1.07)           |
| Net income/(loss) per ordinary share attributable to ordinary shareholders - diluted                               | 0.13                                   | 0.13             | (1.07)           |
| Net income/(loss) per ADS attributable to ordinary shareholders - basic (One ADS represents two ordinary shares)   | 0.29                                   | 0.27             | (2.14)           |
| Net income/(loss) per ADS attributable to ordinary shareholders - diluted (One ADS represents two ordinary shares) | 0.27                                   | 0.26             | (2.14)           |
| Weighted average number of ordinary shares used in computing basic earnings/(losses) per share                     | 63,717,007                             | 168,589,273      | 234,811,986      |
| Weighted average number of ordinary shares used in computing diluted earnings/(losses) per share                   | 69,159,524                             | 174,024,997      | 234,811,986      |

Note:

(1) Share-based compensation expenses were allocated in cost of revenues and operating expenses as follows:

|                                     |       |       |        |
|-------------------------------------|-------|-------|--------|
| Cost of revenues                    | 36    | 18    | 121    |
| Sales and marketing expenses        | 445   | 1,395 | 6,997  |
| Research and development expenses   | 996   | 2,403 | 9,432  |
| General and administrative expenses | 1,388 | 2,357 | 11,510 |

The accompanying notes are an integral part of these consolidated financial statements.

**58.com Inc.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY/(DEFICIT)**  
**For the Years Ended December 31, 2013, 2014 and 2015**  
(U.S. dollars in thousands, except share data and per share data, unless otherwise noted)

|   | Ordinary shares    |          | Additional<br>paid-in<br>capital | Accumulated<br>deficit | Accumulated<br>other<br>comprehensive<br>income/(loss) | Noncontrolling<br>Interest | Total<br>shareholders'<br>equity/(deficit) |
|---|--------------------|----------|----------------------------------|------------------------|--|----------------------------|--|
|   | Shares*            | Amount   |                                  |                        |  |                            |  |
| <b>Balance as of December 31, 2012</b>  | 44,245,388         | 1        | —                                | (152,059)              | (6)  | —                          | (152,064)                                  |
| Share-based compensation  | —                  | —        | 2,865                            | —                      | —  | —                          | 2,865                                      |
| Exercise of share options   | —                  | —        | 557                              | —                      | —  | —                          | 557  |
| Preference shares accretions  | —                  | —        | (3,217)                          | (5,917)                | —  | —                          | (9,134)                                    |
| Net income  | —                  | —        | —                                | 19,557                 | —  | —                          | 19,557                                     |
| Foreign currency translation adjustment, net of nil tax   | —                  | —        | —                                | —                      | (570)  | —                          | (570)                                      |
| Issuance of ordinary shares upon initial public offering ("IPO"), net of issuance costs of US\$4,575  | 27,064,706         | —        | 210,421                          | —                      | —  | —                          | 210,421                                    |
| Conversion of preference shares upon IPO  | 87,566,599         | 1        | 148,650                          | —                      | —  | —                          | 148,651                                    |
| <b>Balance as of December 31, 2013</b>  | 158,876,693        | 2        | 359,276                          | (138,419)              | (576)  | —                          | 220,283                                    |
| Share-based compensation  | —                  | —        | 6,173                            | —                      | —  | —                          | 6,173                                      |
| Exercise of share options   | 4,297,268          | —        | 3,304                            | —                      | —  | —                          | 3,304                                      |
| Net income  | —                  | —        | —                                | 22,644                 | —  | —                          | 22,644                                     |
| Foreign currency translation adjustment, net of nil tax   | —                  | —        | —                                | —                      | 396  | —                          | 396  |
| Unrealized loss on available-for-sale securities  | —                  | —        | —                                | —                      | (1,111)  | —                          | (1,111)                                    |
| Issuance of ordinary shares upon follow-on offering, net of issuance costs of US\$1,253               | 4,000,000          | —        | 71,707                           | —                      | —  | —                          | 71,707                                     |
| Issuance of ordinary shares to Tencent Holdings Limited ("Tencent"), net of issuance costs of US\$104 | 36,805,000         | —        | 735,996                          | —                      | —  | —                          | 735,996                                    |
| Repurchase of ordinary shares from pre-IPO shareholders   | (27,603,750)       | —        | (552,075)                        | —                      | —  | —                          | (552,075)                                  |
| <b>Balance as of December 31, 2014</b>  | 176,375,211        | 2        | 624,381                          | (115,775)              | (1,291)  | —                          | 507,317                                    |
| Share-based compensation  | —                  | —        | 27,762                           | —                      | —  | 298                        | 28,060                                     |
| Exercise of share options and restricted share units  | 1,657,086          | —        | 3,460                            | —                      | —  | —                          | 3,460                                      |
| Net loss  | —                  | —        | —                                | (250,036)              | —  | (12,920)                   | (262,956)                                  |
| Foreign currency translation adjustment, net of nil tax   | —                  | —        | —                                | —                      | (174,515)  | 96                         | (174,419)                                  |
| Unrealized gain on available-for-sale securities  | —                  | —        | —                                | —                      | 2,978  | —                          | 2,978                                      |
| Issuance of ordinary shares to Tencent  | 19,651,960         | —        | 532,288                          | —                      | —  | —                          | 532,288                                    |
| Equity consideration for acquisition of Anjuke Inc. ("Anjuke")  | 4,839,372          | —        | 93,957                           | —                      | —  | —                          | 93,957                                     |
| Equity consideration for equity investment in Falcon View Technology ("Ganji")                        | 34,039,136         | —        | 911,244                          | —                      | —  | —                          | 911,244                                    |
| Equity consideration for step acquisition of Ganji  | 46,505,912         | 1        | 1,161,656                        | —                      | —  | —                          | 1,161,657                                  |
| Subsequent settlement of receivables from option holders  | —                  | —        | 173                              | —                      | —  | —                          | 173  |
| Deconsolidation of 58 Daojia Inc. ("58 Home")   | —                  | —        | —                                | —                      | —  | (600)                      | (600)                                      |
| Deemed dividend to mezzanine classified noncontrolling interests                                      | —                  | —        | (898)                            | —                      | —  | —                          | (898)                                      |
| Acquisition of noncontrolling interests in subsidiaries   | —                  | —        | —                                | —                      | —  | 7,453                      | 7,453                                      |
| Compensation to noncontrolling shareholders resulting from waiver of receivables from 58 Home         | —                  | —        | —                                | —                      | —  | 12,147                     | 12,147                                     |
| Other   | —                  | —        | (612)                            | —                      | —  | 612                        | —  |
| <b>Balance as of December 31, 2015</b>  | <u>283,068,677</u> | <u>3</u> | <u>3,353,411</u>                 | <u>(365,811)</u>       | <u>(172,828)</u>                                       | <u>7,086</u>               | <u>2,821,861</u>                           |

\* Ordinary shares include Class A ordinary shares and Class B ordinary shares, please refer to Note 21.

The accompanying notes are an integral part of these consolidated financial statements.

**58.com Inc.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2013, 2014 and 2015**  
(U.S. dollars in thousands, except share data, unless otherwise noted)

|   | <b>For the Year Ended December 31,</b> |                  |                  |
|---|--|------------------|------------------|
|   | <b>2013</b>                            | <b>2014</b>      | <b>2015</b>      |
| <b>Cash flows from operating activities:</b>  |  |                  |                  |
| <b>Net income/(loss)</b>  | 19,557                                 | 22,644           | (262,956)        |
| Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities:                                |  |                  |                  |
| Share-based compensation expenses   | 2,865                                  | 6,173            | 28,060           |
| Depreciation and amortization expenses  | 4,657                                  | 5,607            | 33,166           |
| Investment (income)/loss  | —                                      | (2,146)          | 149,003          |
| Interest expense  | —                                      | —                | 8,191            |
| Allowance for doubtful accounts and other current assets write-off  | —                                      | —                | 1,877            |
| Compensation to noncontrolling shareholders resulting from waiver of receivables from 58 Home                                     | —                                      | —                | 12,147           |
| Bargain purchase gain   | —                                      | —                | (1,650)          |
| Gain on deconsolidation and disposal of businesses  | —                                      | —                | (119,238)        |
| Impairment loss of long-term investment   | —                                      | —                | 949              |
| Loss on disposal of property and equipment  | —                                      | 40               | 593              |
| Deferred income taxes   | —                                      | —                | (5,465)          |
| Foreign currency exchange (gain)/loss, net  | (548)                                  | 2,510            | 1,743            |
| Changes in operating assets and liabilities:  |  |                  |                  |
| Accounts receivable   | (1,097)                                | (1,990)          | (24,163)         |
| Prepayments and other assets  | (2,318)                                | (16,000)         | (16,753)         |
| Accounts payable  | (2,647)                                | 6,021            | 41,888           |
| Deferred revenues   | 26,145                                 | 40,229           | 46,668           |
| Customer advances and deposits  | 10,329                                 | 14,615           | 70,408           |
| Salary and welfare payable  | 5,549                                  | 10,785           | 22,459           |
| Taxes payable   | 387                                    | 5,128            | 61               |
| Accrued expenses and other current liabilities  | 3,425                                  | 4,969            | 23,797           |
| <b>Net cash provided by operating activities</b>  | <b>66,304</b>                          | <b>98,585</b>    | <b>10,785</b>    |
| <b>Cash flows from investing activities:</b>  |  |                  |                  |
| Purchase of property and equipment  | (4,177)                                | (32,476)         | (195,446)        |
| Purchase of intangible assets   | —                                      | —                | (883)            |
| Cash received for disposal of property and equipment  | —                                      | 44               | 229              |
| Purchase of land use rights   | —                                      | —                | (596)            |
| Purchase of long-term investments   | —                                      | (23,781)         | (81,307)         |
| Purchase of term deposits   | (152,190)                              | (382,552)        | (20,000)         |
| Proceeds from maturity of term deposits   | —                                      | 250,907          | 324,616          |
| Purchase of short-term investments  | (397,266)                              | (652,892)        | (471,751)        |
| Proceeds from maturity of short-term investments  | 323,587                                | 535,322          | 709,350          |
| Cash paid for acquisition of Anjuke, net of acquisition of cash   | —                                      | —                | (124,646)        |
| Cash paid for equity investment in Ganji  | —                                      | —                | (289,824)        |
| Cash paid for step-acquisition of Ganji, net of acquisition of cash   | —                                      | —                | (244,645)        |
| Cash received/(paid) for acquisitions of other subsidiaries, net of acquisition of cash   | —                                      | 156              | (42,793)         |
| Net cash received upon deconsolidation and disposal of businesses   | —                                      | —                | 44,515           |
| Purchase of convertible note issued by Guazi.com Inc. ("Guazi")   | —                                      | —                | (50,000)         |
| <b>Net cash used in investing activities</b>  | <b>(230,046)</b>                       | <b>(305,272)</b> | <b>(443,181)</b> |
| <b>Cash flows from financing activities:</b>  |  |                  |                  |
| Proceeds from exercise of share options   | 557                                    | 3,286            | 3,430            |
| Proceeds from short-term loans  | —                                      | —                | 401,563          |
| Proceeds from issuance of 25,300,000 Class A ordinary shares in IPO   | 199,954                                | —                | —                |
| Proceeds from issuance of 1,764,706 Class A ordinary shares in the private placement to DCM Hybrid RMB Fund concurrently with IPO | 15,000                                 | —                | —                |
| Proceeds from issuance of 4,000,000 Class A ordinary shares in follow-on offering   | —                                      | 72,960           | —                |
| Proceeds from issuance of ordinary shares to Tencent  | —                                      | 736,100          | 400,000          |
| Payments for repurchase of ordinary share from pre-IPO shareholders   | —                                      | (552,075)        | —                |
| Payment for issuance expenses   | (2,168)                                | (2,841)          | —                |
| <b>Net cash provided by financing activities</b>  | <b>213,343</b>                         | <b>257,430</b>   | <b>804,993</b>   |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>   | <b>224</b>                             | <b>139</b>       | <b>(668)</b>     |
| <b>Net increase in cash and cash equivalents</b>  | <b>49,825</b>                          | <b>50,882</b>    | <b>371,929</b>   |
| <b>Cash and cash equivalents at the beginning of the year</b>   | <b>10,669</b>                          | <b>60,494</b>    | <b>111,376</b>   |
| <b>Cash and cash equivalents at the end of the year</b>   | <b>60,494</b>                          | <b>111,376</b>   | <b>483,305</b>   |
| <b>Supplemental disclosure of cash flow information:</b>  |  |                  |                  |
| Income tax paid/(refund), net   | —                                      | 1,194            | (1,119)          |
| <b>Supplemental disclosure of non-cash activities:</b>  |  |                  |                  |
| Property and equipment in accounts payable  | 28                                     | 1,813            | 6,537            |
| Accretions to preference shareholders redemption values   | 9,134                                  | —                | —                |
| Deemed dividend to mezzanine classified noncontrolling interests  | —                                      | —                | 898              |
| Equity consideration for acquisition of Anjuke  | —                                      | —                | 93,957           |
| Equity consideration for equity investment in Ganji   | —                                      | —                | 911,244          |
| Equity consideration for step acquisition of Ganji  | —                                      | —                | 1,161,657        |

|  |   |   |         |
|--|---|---|---------|
| Cash consideration payable for acquisition of Anjuko                         | — | — | 28,962  |
| Cash consideration payable for equity investment in Ganji                    | — | — | 122,413 |
| Cash consideration payable for step acquisition of Ganji                     | — | — | 151,368 |
| Early repayment of convertible note by issuance of ordinary share to Tencent | — | — | 132,288 |

The accompanying notes are an integral part of these consolidated financial statements.

**58.com Inc.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(U.S. dollars in thousands, except share, per share and per ADS data, unless otherwise noted)**

**1. Organization and principal activities**

**a. Background**

58.com Inc. (the "Company"), through its consolidated subsidiaries, including wholly-foreign owned enterprises ("WFOEs"), variable interest entities ("VIEs") and VIEs' subsidiaries (collectively, the "Group"), is primarily engaged in the operation of an online marketplace serving local merchants and consumers in the People's Republic of China (the "PRC" or "China") through its website 58.com.

**b. History of the Group and basis of presentation**

The Company (formerly known as "China Classified Network (Cayman) Corporation") was incorporated as a limited liability company in the Cayman Islands in May 2011. Through a share exchange in July 2011, all the shareholders of China Classified Network Corporation ("CCNC BVI") exchanged all of their outstanding ordinary and preference shares of CCNC BVI for ordinary and preference shares of the Company on a one-for-one basis. As a result, CCNC BVI became a wholly owned subsidiary of the Company. Given there was no change in each shareholder's proportionate shareholdings and respective rights and obligations before and after the share exchange, the transaction was accounted for in a manner similar to a pooling-of-interest with the assets and liabilities stated at their historical amounts in the Company's consolidated financial statements.

The Group began its operations in China in December 2005 through Beijing 58, a PRC limited liability company founded by Mr. Jinbo Yao, the CEO of the Group, and several angel investors (collectively, "the Founding Shareholders"). Other entities within the Group listed above were established by the shareholders of the Company to facilitate the Group to conduct overseas financing and in anticipation of the Company's initial public offering overseas.

Through a series of contemplated transactions in July 2006, Chengshi Wangxun (Beijing) Information Technology Co., Ltd., or Wangxun, was established to control Beijing 58 through contractual arrangements and to receive overseas financing from SB Asia Investment Fund II L.P. ("SAIF"). Through another series of contemplated transactions in 2010, CCNC BVI became the parent company of the Group and received additional overseas financing from DCM V.L.P. and DCM Affiliates Fund V.L.P. (collectively, the "DCM") via (i) the establishment of CCNC BVI, (ii) the repurchase and issuance of shares by CCNC BVI to provide shareholders with their prior proportionate equity interests in the Group, (iii) the establishment of subsidiaries CCIC HK and Wanglin, (iv) a change in Beijing 58's primary beneficiary from Wangxun to Wanglin, and (v) the issuance of preference shares to DCM. Throughout these reorganization transactions, the Group's business continued to be carried out by Beijing 58 without changes in senior management or changes in control of Beijing 58. Accordingly, pursuant to the guidance in ASC 805, "Business Combinations", the new entities that were established to consolidate Beijing 58 were identified as the acquirers for accounting purposes and there was no change in financial statements preparation basis as the result of these reorganization transactions.

On October 31, 2013, the Company's ADSs commenced trading on the New York Stock Exchange. The Company completed its IPO on November 5, 2013, and raised US\$199,954 in proceeds after deducting underwriter commissions from the initial public offering of 12,650,000 ADSs, representing 25,300,000 Class A ordinary shares, at the price of US\$17.0 per ADS. Concurrently with the Company's IPO, the Company also raised US\$15,000 from DCM Hybrid RMB Fund, L.P., a fund affiliated with DCM V, L.P., the Company's existing shareholder, by private placement of 1,764,706 Class A ordinary shares at a price of US\$8.50 per share. As a result of the initial public offering and the concurrent private placement, the Company raised an aggregate of approximately US\$214,954 in net proceeds.

Upon the completion of the IPO, all of the Company's 87,566,599 outstanding preference shares were converted into and the 44,245,388 outstanding ordinary shares were designated as Class B ordinary shares immediately as of the same date at one-for-one basis.

Please refer to Note 21 for the dual class structure and also issuance of ordinary shares in 2014 and 2015.

### **c. Acquisitions and disposals in 2015**

In March 2015, the Company acquired Anjuke, a major online real estate listing platform in China, through the purchase of 100% equity interest in Anjuke Inc., a company incorporated under the laws of the Cayman Islands, for a combination of share consideration and cash, including 4,839,372 newly issued ordinary shares of the Company and US\$160,198 in cash. The Company also issued 248,216 fully vested restricted share units of the Company to former Anjuke employees as part of the share consideration.

In April 2015, the Company acquired less than 50% equity stake in Falcon View Technology, or Ganji, the holding company of the PRC entities operating *Ganji.com*, a major online local services platform in China, for a combination of share consideration and cash, including 34,039,136 newly issued ordinary shares of the Company (one American Depositary Share, or "ADS", represents two ordinary shares) and US\$412,237 in cash.

Concurrent with the aforementioned acquisition of a strategic stake in Ganji and incremental to its then existing share ownership of the Company, Tencent purchased additional newly issued ordinary shares of the Company for US\$400,000 at a purchase price of US\$26.00 per ordinary share, equivalent to US\$52.00 per ADS.

In August 2015, the Company, as a limited partner, committed an aggregate of 46,505,912 newly issued ordinary shares and approximately US\$406,673 in cash to several private equity funds, of which 46,505,912 ordinary shares and US\$272,396 cash were contributed to the funds in August 2015. These funds are dedicated to investing in businesses in China and separately managed by different investment entities, as general partners, which are unaffiliated with each other and unaffiliated with the Company. These funds, together with Tencent, acquired all the remaining equity interest in Ganji in August 2015. The Company also transferred an aggregate of 4,449,002 fully vested restricted share units of the Company and approximately US\$50,967 in cash to former Ganji employees as part of the total consideration of step acquisition of Ganji. The Company considered that it has a controlling financial interest over the equity funds under the voting interest model, and as a result has consolidated Ganji since August 6, 2015.

In addition to business acquisition of Anjuke and Ganji, in 2015, the Group additionally entered into several acquisitions. All of these acquisitions are accounted for as business combinations because these acquisitions involved the Group obtaining control of one or more existing businesses in exchange for cash. Therefore, the Group accounts for them as business combinations using the purchase method of accounting. This method requires the acquisition cost to be allocated to the assets and liabilities acquired based on their fair values. The Group makes estimates and judgments in determining the fair value of the acquired assets and liabilities, with the assistance from an independent valuation firm. See Note 4—"Business acquisitions and equity investment transactions" for additional information.

In November 2015, the Company deconsolidated 58 Home upon the completion of issuance of Series A preference shares by 58 Home. Certain approval rights were granted to a noncontrolling preference shareholder of 58 Home in relation to (i) annual budget and (ii) employment of certain key management members of 58 Home, and such approval rights granted to the noncontrolling preference shareholder of 58 Home were considered as substantive participating rights in accordance with ASC 810-10. Accordingly, the Company deconsolidated 58 Home upon completion of the transaction and recognized a gain on deconsolidation of 58 Home of US\$45,998.

In December 2015, the Company divested its controlling ownership stake in Guazi, a subsidiary that operates its consumer-to-consumer (C2C) used car trading platform, to Mr. Mark Haoyong Yang, former co-chairman of the board of directors and co-CEO for a cash consideration of US\$50,000. Upon completion of the transaction, the Group retained approximately 45.6% equity stake in Guazi and no longer has the control of Guazi. Therefore, the Group deconsolidated Guazi since December 31, 2015 and recognized a gain on disposal of Guazi of US\$73,240.

### **d. Major subsidiaries and VIEs**

In 2015, the Company's major subsidiaries, VIEs and VIEs' subsidiaries are as follows:

| <b>Name</b>   | <b>Date of incorporation and acquisition</b> | <b>Place of incorporation</b> | <b>Percentage of direct or indirect economic ownership</b> |
|---|--|-------------------------------|--|
| <i>Wholly owned and majority owned subsidiaries of the Company:</i>   |  |                               |  |
| China Classified Network Corporation (“CCNC BVI”)   | January 5, 2010                              | British Virgin Islands        | 100%   |
| China Classified Information Corporation Limited (“CCIC HK”)  | January 18, 2010                             | Hong Kong                     | 100%   |
| Beijing Chengshi Wanglin Information Technology Co., Ltd. (“Wanglin”)   | March 8, 2010                                | PRC                           | 100%   |
| 58 Tongcheng Information Technology Co., Ltd. (“58 Technology”)   | March 15, 2012                               | PRC                           | 100%   |
| Anjuke Inc. (“Anjuke”)  | March 2, 2015                                | Cayman                        | 100%   |
| Ruiting Network Technology (Shanghai) Co., Ltd. (“Shanghai Ruiting”)  | March 2, 2015                                | PRC                           | 100%   |
| 58 Daojia Inc. (“58 Home”)  | January 26, 2015                             | British Virgin Islands        | *  |
| Beijing 58 Daojia Information Technology Co., Ltd. (“Beijing 58 Home”)  | July 10, 2015                                | PRC                           | *  |
| 58.com Holdings Inc. (“58 Holdings”)  | July 11, 2014                                | British Virgin Islands        | 100%   |
| Falcon View Technology (“Ganji”)  | August 6, 2015                               | Cayman                        | **   |
| Beijing Yangguang Gudi Science Development Co., Ltd. (“Yangguang Gudi”)   | August 6, 2015                               | PRC                           | **   |
| <i>VIEs and VIEs’ subsidiaries:</i>   |  |                               |  |
| Beijing 58 Information Technology Co., Ltd. (“Beijing 58”)  | December 12, 2005                            | PRC                           | 100%   |
| 58 Co., Ltd.  | July 28, 2011                                | PRC                           | 100%   |
| Shanghai Ruijia Information Technology Co., Ltd.  | March 2, 2015                                | PRC                           | 100%   |
| Tianjin 58 Daojia Life Services Co., Ltd. (“Tianjin 58 Home”)   | August 19, 2014                              | PRC                           | *  |
| Beijing 58 Auto Technology Co., Ltd. (formerly known as Beijing Leftbrain Network Technology Co., Ltd. (“Leftbrain”)) | November 26, 2015                            | PRC                           | 70%  |
| Beijing Shanjing Kechuang Network Technology Co., Ltd. (“Shanjing Kechuang”)  | August 6, 2015                               | PRC                           | **   |

\* 58 Home completed its Series A equity financing in November 2015. As certain approval rights were granted to a noncontrolling preference shareholder and such rights were considered as substantive participating rights in accordance with ASC 810-10, accordingly, the Company deconsolidated 58 Home and its subsidiaries and VIE upon completion of the transaction. See Note 5 for more information.

\*\* Falcon View Technology, or Ganji, is the holding company of the PRC entities operating Ganji.com, a major online local services platform in China. In April 2015, the Company acquired a less than 50% equity stake in Ganji. In August 2015, the Company, as a limited partner, contributed newly issued Class A ordinary shares and cash to several private equity funds, which are managed by investment entities unaffiliated with each other and unaffiliated with the Company. These funds, together with Tencent, acquired all the remaining equity interest in Ganji in August 2015. Since August 2015, the Company has consolidated the financial results of Ganji in its consolidated financial statements. See Note 4(b) for more information.

#### **e. Contractual arrangements with the Group’s VIEs**

##### **(i) Contractual Arrangements with Beijing 58**

The Company’s subsidiary Wanglin has entered into contractual arrangements with Beijing 58 and its shareholders described below, which are referred to as the Beijing 58 Agreements. Through the Beijing 58 Agreements, the Company exercises control over the operations of Beijing 58 and receives substantially all its economic benefits and residual returns.

Through the amended and restated exclusive business cooperation agreement between Beijing 58 and Wanglin, Wanglin agrees to provide certain technical and business support and related consulting services to Beijing 58 in exchange for service fees. In addition, pursuant to the amended and restated exclusive option agreement, Beijing 58 is prohibited from declaring and paying any dividends without Wanglin’s prior consent and Wanglin enjoys an irrevocable and exclusive option to purchase Beijing 58 shareholders’ equity interests, to the extent permitted by applicable PRC laws, at a nominal price from Beijing Wanglinton Information Technology Co., Ltd. (“Beijing Wanglinton”), which is one of the shareholders of Beijing 58, or at a specified price equal to the loan provided by Wanglin to the individual shareholders. If the lowest price permitted under PRC law is higher than the above price, the lowest price permitted under PRC law shall apply. Through the arrangements, the Company can obtain all of Beijing 58’s income and all of its residual interests, such as undistributed earnings, either through dividend distribution or purchase of Beijing 58’s equity interests from its existing shareholders. As a result of the contractual arrangements, the Company consolidates Beijing 58’s financial results in the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

### *Exclusive Business Cooperation Agreement*

Under the exclusive business cooperation agreement between Beijing 58 and Wanglin, as amended and restated, Wanglin has the exclusive right to provide, among other things, technical support and business support and related consulting services to Beijing 58 and Beijing 58 agrees to accept all the consultation and services provided by Wanglin. Without Wanglin's prior written consent, Beijing 58 is prohibited from engaging any third party to provide any of the services under this agreement. In addition, Wanglin exclusively owns all intellectual property rights arising out of or created during the performance of this agreement. Beijing 58 agrees to pay a quarterly service fee to Wanglin at an amount determined solely by Wanglin after taking into account factors including the complexity and difficulty of the services provided, the time consumed, the seniority of the Wanglin employees providing services to Beijing 58, the value of services provided, the market price of comparable services and the operating conditions of Beijing 58. This agreement will remain effective unless Wanglin terminates the agreement in writing or a competent governmental authority rejects the renewal applications by either Beijing 58 or Wanglin to renew its respective business license upon expiration. Beijing 58 is not permitted to terminate this agreement in any event unless required by applicable laws. In 2015, Wanglin provided technical support services to Beijing 58 and its subsidiaries and collected service fee payments of approximately US\$384.

### *Powers of Attorney*

Pursuant to the powers of attorney, the shareholders of Beijing 58 each irrevocably appointed Wanglin as the attorney-in-fact to act on their behalf on all matters pertaining to Beijing 58 and to exercise all of their rights as a shareholder of Beijing 58, including but not limited to attend shareholders' meetings, vote on their behalf on all matters of Beijing 58 requiring shareholders' approval under PRC laws and regulations and the articles of association of Beijing 58, designate and appoint directors and senior management members. Wanglin may authorize or assign its rights under this appointment to any other person or entity at its sole discretion without prior notice to the shareholders of Beijing 58. Each power of attorney will remain in force until the shareholder ceases to hold any equity interest in Beijing 58.

### *Equity Interest Pledge Agreements*

Under the equity interest pledge agreements between Wanglin, Beijing 58 and the shareholders of Beijing 58, as amended and restated, the shareholders pledged all of their equity interests in Beijing 58 to Wanglin to guarantee Beijing 58's and Beijing 58's shareholders' performance of their obligations under the contractual arrangements including, but not limited to, the payments due to Wanglin for services provided. If Beijing 58 or any of Beijing 58's shareholders breaches its contractual obligations under the contractual arrangements, Wanglin, as the pledgee, will be entitled to certain rights and entitlements, including receiving proceeds from the auction or sale of whole or part of the pledged equity interests of Beijing 58 in accordance with legal procedures. Wanglin has the right to receive dividends generated by the pledged equity interests during the term of the pledge. If any event of default as provided in the contractual arrangements occurs, Wanglin, as the pledgee, will be entitled to dispose of the pledged equity interests in accordance with PRC laws and regulations. The pledge will become effective on the date when the pledge of equity interests contemplated in these agreements are registered with the relevant local administration for industry and commerce and will remain binding until Beijing 58 and its shareholders discharges all their obligations under the contractual arrangements. These equity interest pledge agreements were registered with Chaoyang Branch of Beijing Administration for Industry and Commerce in July 2013.

### *Exclusive Option Agreements*

Under the exclusive option agreements among Wanglin, as amended and restated, Beijing 58 and each of the shareholders of Beijing 58, each of the shareholders irrevocably granted Wanglin or its designated representative(s) an exclusive option to purchase, to the extent permitted under PRC law, all or part of his, her or its equity interests in Beijing 58. In addition, Wanglin has the option to acquire all the equity interests of Beijing 58 for either a nominal price from Beijing Wanglintong, or at a specified price equal to the loan provided by Wanglin to the individual shareholders. If the lowest price permitted under PRC law is higher than the above price, the lowest price permitted under PRC law shall apply. Wanglin or its designated representative(s) have sole discretion as to when to exercise such options, either in part or in full. Without Wanglin's prior written consent, Beijing 58's shareholders shall not transfer, donate, pledge, or otherwise dispose any equity interests in Beijing 58. These agreements will remain effective until all equity interests held in Beijing 58 by the Beijing 58's shareholders are transferred or assigned to Wanglin or Wanglin's designated representatives. At the moment, the Company cannot exercise the exclusive option to purchase the current shareholders' equity interests in Beijing 58 due to the PRC regulatory restrictions on foreign ownership in the value-added telecommunications services. The Company intends to exercise such option once China opens up these industries to foreign investment.

### *Loan Agreements*

Pursuant to the loan agreements between Wanglin and each individual shareholder of Beijing 58, Wanglin provided interest-free loans with an aggregate amount of approximately RMB7.8 million to the individual shareholders of Wanglin for the sole purpose of funding the capital increase of Beijing 58. The loans can be repaid by transferring the individual shareholders' equity interest in Beijing 58 to Wanglin or its designated person pursuant to Exclusive Option Agreements. The term of each loan agreement is ten years from the date of the agreement expiring on December 1, 2021 and can be extended with the written consent of both parties before expiration.

### *(ii) Contractual Arrangements with Shanjing Kechuang*

Ganji, through its PRC subsidiary, Yangguang Gudi, has entered into contractual arrangements with Shanjing Kechuang and its shareholders described below, which are referred to as the Shanjing Kechuang Agreements. Through the Shanjing Kechuang Agreements, Ganji exercises control over the operations of Shanjing Kechuang and receives substantially all its economic benefits and residual returns. Through the exclusive business cooperation agreement between Yangguang Gudi and Shanjing Kechuang, Yangguang Gudi agrees to provide certain technical and business support and related consulting services to Shanjing Kechuang in exchange for service fees. In addition, pursuant to the exclusive option agreements, Shanjing Kechuang is prohibited from declaring and paying any dividends without Yangguang Gudi's prior consent and Yangguang Gudi enjoys an irrevocable and exclusive option to purchase Shanjing Kechuang shareholders' equity interests, to the extent permitted by applicable PRC laws, at a specified price equal to the loan amount provided by Yangguang Gudi to the shareholders. If the lowest price permitted under PRC law is higher than the above price, the lowest price permitted under PRC law shall apply. Through these arrangements, Ganji can obtain all of the income and the interests of Shanjing Kechuang, such as undistributed earnings, either through dividend distributions or purchase of equity interests of Shanjing Kechuang from its existing shareholders. As a result of the contractual arrangements, the Company, through Ganji, consolidates the financial results of Shanjing Kechuang in its consolidated financial statements in accordance with U.S. GAAP.

### *Exclusive Business Cooperation Agreement*

The terms and arrangements of the exclusive business cooperation agreement between Yangguang Gudi and Shanjing Kechuang are substantially similar to those under the Beijing 58 Agreements. In 2015, Yangguang Gudi provided technical support services to Shanjing Kechuang amounted to US\$2,008 but no service fees were collected in 2015.

### *Powers of Attorney*

Each shareholder of Shanjing Kechuang has executed a power of attorney to irrevocably appoint Yangguang Gudi as the attorney-in-fact to act on the shareholder's behalf. The terms of the powers of attorney are substantially similar to those under the Beijing 58 Agreements.

### *Equity Interest Pledge Agreements*

Yangguang Gudi, Shanjing Kechuang and each of the shareholders of Shanjing Kechuang have entered into equity interest pledge agreements with terms and arrangements that are substantially similar to those under the Beijing 58 Agreements. These equity interest pledge agreements were registered with Shunyi Branch of Beijing Administration for Industry and Commerce Bureau on March 18, 2016 for the three individual nominee shareholders and April 1, 2016 for 58 Co., Ltd., respectively.

### *Exclusive Option Agreements*

Yangguang Gudi, Shanjing Kechuang and each of the shareholders of Shanjing Kechuang have entered into exclusive option agreements with terms and arrangements that are substantially similar to those under the Beijing 58 Agreements. At the moment, Ganji cannot exercise the exclusive options to purchase the current shareholders' equity interests in Shanjing Kechuang due to the PRC regulatory restrictions on foreign ownership in the value-added telecommunications services. Ganji may exercise the options if China opens up these industries to foreign investment.

### *Loan Agreements*

Yangguang Gudi and each shareholder of Shanjing Kechuang have entered into loan agreements with an aggregate amount of interest-free loans of approximately RMB38.7 million. The terms of the loan agreements are substantially similar to those under the Beijing 58 Agreements and each loan agreement expires on August 6, 2025 and can be extended with the written consent of both parties before expiration.

(iii) **58 Home's Contractual Arrangements with Tianjin 58 Home**

58 Home has through Beijing 58 Home entered into contractual arrangements with Tianjin 58 Home and its shareholders described below, which are referred to as the Tianjin 58 Home Agreements. Through the Tianjin 58 Home Agreements, Beijing 58 Home exercises control over the operations of Tianjin 58 Home and receives substantially all its economic benefits and residual returns. Through the exclusive business cooperation agreement between Beijing 58 Home and Tianjin 58 Home, Beijing 58 Home agrees to provide certain technical and business support and related consulting services to Tianjin 58 Home in exchange for service fees. In addition, pursuant to the exclusive option agreements, Tianjin 58 Home is prohibited from declaring and paying any dividends without Beijing 58 Home's prior consent and Beijing 58 Home enjoys an irrevocable and exclusive option to purchase Tianjin 58 Home shareholders' equity interests, to the extent permitted by applicable PRC laws, at a specified price equal to the loan amount provided by Beijing 58 Home to the shareholders. If the lowest price permitted under PRC law is higher than the above price, the lowest price permitted under PRC law shall apply. Through these arrangements, 58 Home can obtain all of the income and the residual interests of Tianjin 58 Home, such as undistributed earnings, either through dividend distributions or purchase of equity interests of Tianjin 58 Home from its existing shareholders. As a result of the contractual arrangements, 58 Home consolidates the financial results of Tianjin 58 Home in accordance with U.S. GAAP.

*Exclusive Business Cooperation Agreement*

The terms and arrangements of the exclusive business cooperation agreement between Tianjin 58 Home and Beijing 58 Home under the Tianjin 58 Home Agreements are substantially similar to those under the Beijing 58 Agreements, except that Tianjin 58 Home agrees to pay a monthly service fee to Beijing 58 Home in an amount determined by both parties after taking into account factors similar to those provided under the Beijing 58 Agreements. Beijing 58 Home did not collect any service fee payments from Tianjin 58 Home in 2015.

*Powers of Attorney*

Each shareholder of Tianjin 58 Home has executed a power of attorney to irrevocably appoint Beijing 58 Home as the attorney-in-fact to act on the shareholder's behalf. The terms of the powers of attorney are substantially similar to those under the Beijing 58 Agreements.

*Equity Interest Pledge Agreements*

Beijing 58 Home, Tianjin 58 Home and each of the shareholders of Tianjin 58 Home have entered into equity interest pledge agreements with terms and arrangements that are substantially similar to those under the Beijing 58 Agreements. These equity interest pledge agreements are registered with the Tianjin Binhai New Area Market and Quality Supervision and Administration Bureau on September 8, 2015.

*Exclusive Option Agreements*

Beijing 58 Home, Tianjin 58 Home and each of the shareholders of Tianjin 58 Home have entered into exclusive option agreements with terms and arrangements that are substantially similar to those under the Beijing 58 Agreements, except that the purchase price to be paid by Beijing 58 Home to each shareholder by exercising its option to purchase all the equity interests held by the shareholder in Tianjin 58 Home equal to the loan amount provided by Beijing 58 Home to the shareholder. At the moment, 58 Home cannot exercise the exclusive options to purchase the current shareholders' equity interests in Tianjin 58 Home due to the PRC regulatory restrictions on foreign ownership in the value-added telecommunications services. 58 Home may exercise the options if China opens up these industries to foreign investment.

*Loan Agreements*

Beijing 58 Home and each shareholder of Tianjin 58 Home have entered into loan agreements with an aggregate amount of interest-free loans of approximately RMB100 million. The terms of the loan agreements are substantially similar to those under the Beijing 58 Agreements and each loan agreement expires on August 5, 2025 and can be extended with the written consent of both parties before expiration.

### Risks in Relation to the VIE Structure

As of December 31, 2015, the aggregate accumulated losses of VIEs and VIEs' subsidiaries were approximately US\$214,571, which has been included in the consolidated financial statements.

The following financial statement amounts and balances of the Group's VIEs and VIEs' subsidiaries were included in the accompanying consolidated financial statements as of December 31, 2014 and 2015 and for the three years ended December 31, 2013, 2014 and 2015:

|  | <b>As of December 31,</b> |                  |  |
|--|---------------------------|------------------|--|
|  | <b>2014</b>               | <b>2015</b>      |  |
|  | <b>US\$</b>               | <b>US\$</b>      |  |
| Cash and cash equivalents                          | 16,296                    | 69,302           |  |
| Short-term investments                             | 65,053                    | 15,491           |  |
| Accounts receivable, net                           | 2,978                     | 26,136           |  |
| Prepayments and other current assets               | 8,180                     | 18,519           |  |
| Property and equipment, net                        | 7,043                     | 14,307           |  |
| Long-term investments                              | 784                       | 7,077            |  |
| Intangible assets, net and goodwill                | 19                        | 2,512,817        |  |
| Long-term prepayments and other non-current assets | 1,942                     | 8,639            |  |
| <b>Total assets</b>                                | <b>102,295</b>            | <b>2,672,288</b> |  |
| Accounts payable                                   | 6,698                     | 25,261           |  |
| Deferred revenues                                  | 62,455                    | 115,498          |  |
| Customer advances and deposits                     | 10,095                    | 58,268           |  |
| Taxes payable                                      | 1,637                     | 2,690            |  |
| Salary and welfare payable                         | 11,343                    | 38,781           |  |
| Inter-company payable                              | 78,992                    | 127,345          |  |
| Accrued expenses and other current liabilities     | 6,681                     | 12,168           |  |
| Deferred tax liabilities                           | —                         | 58,041           |  |
| Other non-current liabilities                      | —                         | 308              |  |
| <b>Total liabilities</b>                           | <b>177,901</b>            | <b>438,360</b>   |  |

|   | <b>For the year ended December 31,</b> |             |             |
|---|--|-------------|-------------|
|   | <b>2013</b>                            | <b>2014</b> | <b>2015</b> |
|   | <b>US\$</b>                            | <b>US\$</b> | <b>US\$</b> |
| Revenue   | 72,427                                 | 101,819     | 268,076     |
| Net income/(loss)                                   | 8,473                                  | (3,944)     | (137,077)   |
| Net cash provided by operating activities           | 4,116                                  | 68,132      | 35,004      |
| Net cash (used in)/provided by investing activities | (1,555)                                | (56,539)    | 20,628      |
| Net cash provided by financing activities           | —                                      | —           | —           |

Under the contractual arrangements with each of the VIEs and through their respective equity interest in their subsidiaries, the Group has the power to direct activities of the VIEs and the VIEs' subsidiaries and direct the transfer of assets out of the VIEs and the VIEs' subsidiaries. Therefore the Group considers that there is no asset of the VIEs and the VIEs' subsidiaries that can be used only to settle their obligations. As the consolidated VIEs and VIEs' subsidiaries are incorporated as limited liability companies under the PRC Company Law, the creditors do not have recourse to the general credit of the Company for the liabilities of the consolidated VIEs and the VIEs' subsidiaries.

The Group believes that the contractual arrangements among each of the VIEs, their respective shareholders and relevant WFOE are in compliance with PRC law and are legally enforceable. However, uncertainties in the PRC legal system could limit the Company's ability to enforce these contractual arrangements and if the shareholders of VIEs were to reduce their interest in the Company, their interests may diverge from that of the Company and that may potentially increase the risk that they would seek to act contrary to the contractual terms.

The Company's ability to control the VIEs also depends on the power of attorney and the WFOEs have to vote on all matters requiring shareholder approval in the VIEs. As noted above, the Company believes this power of attorney is legally enforceable but may not be as effective as direct equity ownership.

It is possible that the Group's operation of certain of its businesses through the VIEs could be found by PRC authorities to be in violation of PRC law and regulations prohibiting or restricting foreign ownership of companies that engage in such operations and businesses. While the Group's management considers the possibility of such a finding by PRC regulatory authorities under current PRC law and regulations to be remote, on January 19, 2015, the Ministry of Commerce of the PRC, or (the "MOFCOM") released on its Website for public comment a proposed PRC law (the "Draft FIE Law") that appears to include VIEs within the scope of entities that could be considered to be foreign invested enterprises (or "FIEs") that would be subject to restrictions under existing PRC law and regulations on foreign investment in certain categories of industry. Specifically, the Draft FIE Law introduces the concept of "actual control" for determining whether an entity is considered to be an FIE. In addition to control through direct or indirect ownership or equity, the Draft FIE Law includes control through contractual arrangements within the definition of "actual control." If the Draft FIE Law is passed by the People's Congress of the PRC and goes into effect in its current form, these provisions regarding control through contractual arrangements could be construed to apply to the Group's VIE arrangements, and as a result the Group's VIEs could become explicitly subject to the current restrictions on foreign investment in certain categories of industries. The Draft FIE Law includes provisions that would exempt from the definition of foreign invested enterprises entities where the ultimate controlling shareholders are either entities organized under PRC law or individuals who are PRC citizens. The Draft FIE Law is silent as to what type of enforcement action might be taken against existing VIEs that operate in restricted or prohibited industries and are not controlled by entities organized under PRC law or individuals who are PRC citizens. If a finding were made by PRC authorities, under existing law and regulations or under the Draft FIE Law if it becomes effective, that the Group's operation of certain of its operations and businesses through the VIEs is prohibited, the regulatory authorities with jurisdiction over the licensing and operation of such operations and businesses would have broad discretion in dealing with such a violation, including levying fines, confiscating the Group's income, revoking the business or operating licenses of the affected businesses, requiring the Group to restructure its ownership structure or operations, or requiring the Group to discontinue any or all portion of its operations. Any of these actions could cause significant disruption to the Group's business operations, and have a severe adverse impact on the Group's cash flows, financial position and operating performance.

In addition, if the legal structure and contractual arrangements were found to be in violation of any other existing PRC laws and regulations, the PRC government could:

- revoke the Group's business and operating licenses;
- require the Group to discontinue or restrict operations;
- restrict the Group's right to collect revenues;
- block the Group's websites;
- require the Group to restructure the operations in such a way as to compel the Group to establish a new enterprise, re-apply for the necessary licenses or relocate its businesses, staff and assets;
- impose additional conditions or requirements with which the Group may not be able to comply; or
- take other regulatory or enforcement actions against the Group that could be harmful to the Group's business.

The imposition of any of these penalties may result in a material and adverse effect on the Group's ability to conduct the Group's business. In addition, if the imposition of any of these penalties causes the Group to lose the right to direct the activities of any of the VIEs (through its equity interest in its subsidiaries) or the right to receive their economic benefits, the Group would no longer be able to consolidate the relevant VIE and its subsidiaries, if any. In the opinion of management, the likelihood of loss in respect of the Group's current ownership structure or the contractual arrangements with its VIEs is remote.

There is no VIE for which the Company has variable interest but is not the primary beneficiary.

Currently there is no contractual arrangement that could require the Company to provide additional financial support to VIEs. As the Company is conducting its business mainly through VIEs, the Company may provide such support on a discretionary basis in the future, which could expose the Company to a loss.

The Company's VIEs' assets are comprised of recognized and unrecognized revenue-producing assets. The recognized revenue producing assets mainly include purchased servers, which were in the line of "Property and equipment, net" in the table above. The unrecognized revenue-producing assets mainly consist of the Internet Content Provider license ("ICP" license), trademarks, copyrights and registered patents, which have no recorded value.

As of December 31, 2015, the VIEs hold the ICP license, which is necessary for the operation of the website and provision of value-added telecommunications services in China, and have registered 320 trademarks, including 58同城 and 58.com and 54 copyrights. The VIEs also have four registered patents and applied for the registration of 13 other patents, which cover a variety of technologies, including those relating to data processing, search, distribution and publishing.

The VIEs' business operations rely in part on the technologies covered by the registered patents to generate revenues. Such technologies include (1) the data verification and processing technology used to verify and process local merchant information; (2) the data researching technology provided to end-users enable them to find the exact information they want in the shortest time; (3) the data publishing technology provided to end-users or merchants to help them to publish their service information more efficiently.

## **f. Liquidity**

As of December 31, 2015, current liabilities of the Group exceeded its current assets by US\$499,791. The Group's ability to continue as a going concern is dependent on management's ability to successfully execute its business plan, which includes increasing revenues while controlling operating expenses, as well as generating operational cash flows and continuing to gain support from outside sources of financing. Management is of the opinion that the Group can adjust the pace of its operation expansion and control the operating expenses of the Group. In addition, the Company obtained a secured interest-bearing loan of US\$275,000 from China Merchants Bank Co., Ltd in April 2016. Pursuant to the loan repayment schedule, US\$167,500 out of US\$275,000 principal amount will be repaid before December 31, 2016 and the remaining US\$107,500 will be due on April 21, 2017. Based on the above considerations, the management is of the opinion that the Group has sufficient funds to meet its working capital requirements and debt obligations. As a result, the consolidated financial statements of the Group for the year ended December 31, 2015 have been prepared on a going concern basis.

## **2. Principal accounting policies**

### **(a) Principles of consolidation**

The consolidated financial statements of the Group have been prepared in accordance with U.S. GAAP. The consolidated financial statements include the financial statements of the Company, its subsidiaries, the VIEs and VIEs' subsidiaries for which the Company is the ultimate primary beneficiary.

Subsidiaries are those entities in which the Company, directly or indirectly, controls more than one half of the voting power; or has the power to govern the financial and operating policies, to appoint or remove the majority of the members of the board of directors, or to cast a majority of votes at the meeting of directors.

A VIE is an entity in which the Company or its subsidiary, through contractual arrangements, bears the risks of, and enjoys the rewards normally associated with, ownership of the entity, and therefore the Company or its subsidiary is the primary beneficiary of the entity.

All significant transactions and balances among the Company, its subsidiaries, the VIEs and VIEs' subsidiaries have been eliminated upon consolidation. The results of subsidiaries and VIEs acquired or disposed of during the year are recorded in the consolidated statement of comprehensive income/(loss) from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The Company deconsolidates its subsidiaries in accordance with ASC 810-10-40-4 as of the date the Company ceased to have a controlling financial interest in the subsidiaries.

The Company accounts for the deconsolidation of its subsidiaries by recognizing a gain or loss in net income/(loss) attributable to the Company in accordance with ASC 810-10-40-5. This gain or loss is measured at the date the subsidiaries are deconsolidated as the difference between (a) the aggregate of the fair value of any consideration received, the fair value of any retained noncontrolling interest in the subsidiaries being deconsolidated, and the carrying amount of any noncontrolling interest in the subsidiaries being deconsolidated, including any accumulated other comprehensive income/(loss) attributable to the noncontrolling interest, and (b) the carrying amount of the assets and liabilities of the subsidiaries being deconsolidated.

**(b) Use of estimates**

The preparation of the Group's consolidated financial statements in conformity with the U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Actual results could differ materially from those estimates. Significant accounting estimates reflected in the Group's consolidated financial statements mainly include revenue recognition, the determination of the fair value of identifiable assets and liabilities acquired through business combination, the determination of the fair value of long-term investments, the determination of the fair value of mezzanine equity, the determination of fair value of noncontrolling interests, the valuation allowance of deferred tax assets, the determination of uncertain tax position, the valuation and recognition of share-based compensation, impairment of long-lived assets and the determination of the estimated useful lives of property and equipment and intangible assets.

**(c) Functional currency and foreign currency translation**

The Group uses United States dollar ("US\$") as its reporting currency. The functional currency of the Company and its subsidiaries incorporated in the BVI and Hong Kong is US\$, while the functional currency of the other entities in the Group is Renminbi ("RMB"). In the consolidated financial statements, the financial information of the Company's PRC subsidiaries, the VIEs and VIEs' subsidiaries, which use RMB as their functional currency, have been translated into US\$. Assets and liabilities are translated at the exchange rates on the balance sheet date; equity amounts are translated at historical exchange rates; and revenues, expenses, gains, and losses are translated using the average rate for the year. Translation adjustments arising from these are reported as foreign currency translation adjustments and are shown as a component of other comprehensive income or loss in the consolidated statement of changes in shareholders' equity/(deficit).

Foreign currency transactions denominated in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the applicable exchange rates at the balance sheet dates. The resulting exchange differences are included in the consolidated statements of comprehensive income/(loss).

**(d) Fair value of financial instruments**

Accounting guidance defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

Accounting guidance establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Accounting guidance establishes three levels of inputs that may be used to measure fair value:

Level 1 — Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets

Level 2 — Include other inputs that are directly or indirectly observable in the marketplace

Level 3 — Unobservable inputs which are supported by little or no market activity

The Group's financial instruments mainly include cash and cash equivalents, term deposits, short-term investments, accounts receivable, long-term investments, accounts payable, deferred revenues, customer advances and deposits, and accrued liabilities and other current liabilities. The carrying value of the Company's short-term financial instruments approximates their fair value because of their short maturities. Please see Note 18 for additional information.

**(e) Cash and cash equivalents**

Cash and cash equivalents represent cash on hand, demand deposits and highly liquid investments placed with banks or other financial institutions, which are unrestricted as to withdrawal or use, and which have original maturities of three months or less and are readily convertible to known amounts of cash.

The following table sets forth a breakdown of the Group's cash and cash equivalents by currency denomination, jurisdiction and geographical location as of December 31, 2014 and 2015:

|                        | US\$ in thousands |           |               |           |         | RMB in thousands |           |               |           |           | US\$ in thousands       |
|------------------------|-------------------|-----------|---------------|-----------|---------|------------------|-----------|---------------|-----------|-----------|-------------------------|
|                        | USA               | Hong Kong | China Non VIE | China VIE | Total   | USA              | Hong Kong | China Non VIE | China VIE | Total     | Total translated to USD |
| December 31, 2014..... | 3                 | 43,066    | 108           | 2         | 43,179  | 434              | 7         | 317,156       | 99,706    | 417,303   | 111,376                 |
| December 31, 2015..... | 3,944             | 289,522   | 29,459        | 3,511     | 326,436 | 247,043          | 6         | 324,952       | 449,928   | 1,021,929 | 483,305                 |

**(f) Term deposits**

Term deposits represent time deposits placed with banks with original maturities of more than three months to up to one year. Interest earned is recorded as interest income in the consolidated statements of comprehensive income /(loss) during the periods presented.

**(g) Short-term investments**

Short-term investments include investments in financial instruments with a variable interest rate indexed to performance of underlying assets and investment in available-for-sale securities of a public traded company.

The Group carries these investments at fair value. Changes in the fair value are reflected in the consolidated statements of comprehensive income/(loss) as investment income/(loss), net. Fair value is estimated based on quoted prices of similar products provided by banks at the end of each period. The Group classifies the valuation techniques that use these inputs as Level 2 of fair value measurements. Please see Note 18 for additional information.

The available-for-sale securities are reported at fair values with the unrealized gains or losses recorded as accumulated other comprehensive income or loss in equity. The Group reviews its available-for-sale securities for other-than-temporary impairment ("OTTI") based on the specific identification method. If the cost of an investment exceeds the investment's fair value, the Group considers quantitative and qualitative evidence including general market conditions, expected future performance of the investees, the duration and the extent to which the fair value of the investment is less than the cost, and the Group's intent and ability to hold the investment in determining whether to record an OTTI.

**(h) Accounts receivable, net**

The carrying value of accounts receivable is reduced by an allowance that reflects the Group's best estimate of the amounts that will not be collected. The Group makes estimations for the collectability of accounts receivable considering many factors including but not limited to reviewing accounts receivable balances, historical bad debt rates, accounts aging, repayment patterns, customer credit worthiness, financial conditions of the customers and industry trend analysis, resulting in their inability to make payments due to the Group. An accounts receivable is written off after all collection effort has ceased. The Group recognized US\$ nil and US\$1,818 allowance for doubtful accounts for the years ended December 31, 2014 and 2015, respectively.

**(i) Property and equipment, net**

Property and equipment are stated at cost less accumulated depreciation and impairment. Property and equipment are depreciated over the estimated useful lives on a straight-line basis. The estimated useful lives are as follows:

|                         |   |
|-------------------------|---|
| Buildings               | 30-50 years   |
| Computers and equipment | 3-5 years   |
| Motor vehicles          | 4-5 years   |
| Furniture and fixtures  | 5 years   |
| Leasehold improvements  | Over the shorter of lease terms or the estimated useful lives of assets |
| Software                | 3-5 years   |

Expenditures for maintenance and repairs are expensed as incurred. The gain or loss on the disposal of property and equipment is the difference between the net sales proceeds and the carrying amount of the relevant assets and is recognized in the consolidated statements of comprehensive income/(loss).

**(j) Intangible assets, net**

Intangible assets acquired through business acquisitions are recognized as assets separate from goodwill if they satisfy either the "contractual-legal" or "separability" criterion. Purchased intangible assets and intangible assets arising from the acquisitions of subsidiaries, VIEs and the VIEs' subsidiaries are recognized and measured at fair value upon acquisition. Separately identifiable intangible assets that have determinable lives continue to be amortized over their estimated useful lives using the straight-line method as follows:

|                             |              |
|-----------------------------|--------------|
| Customer relationships      | 2 - 3 years  |
| Domain names and trademarks | 9 - 10 years |
| Technology                  | 4 - 5 years  |

Separately identifiable intangible assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. Measurement of any impairment loss for identifiable intangible assets is based on the amount by which the carrying amount of the assets exceeds the fair value of the asset.

**(k) Land use rights, net**

Land use rights are carried at cost less accumulated amortization. Amortization is provided to write off the cost of lease prepayments on a straight-line basis over the period of the shorter of estimated useful lives which are generally 50 years or the terms of the land use rights purchase agreements.

**(l) Goodwill**

Goodwill represents the excess of the purchase consideration over the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed of the acquired entity as a result of the Company's acquisitions of interests in its subsidiaries and VIEs. Goodwill is not amortized but is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that it might be impaired. The Company first assesses qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. In the qualitative assessment, the Company considers primary factors such as industry and market considerations, overall financial performance of the reporting unit, and other specific information related to the operations. Based on the qualitative assessment, if it is more likely than not that the fair value of each reporting unit is less than the carrying amount, the quantitative impairment test is performed.

In performing the two-step quantitative impairment test, the first step compares the fair values of each reporting unit to its carrying amount, including goodwill. If the fair value of each reporting unit exceeds its carrying amount, goodwill is not considered to be impaired and the second step will not be required. If the carrying amount of a reporting unit exceeds its fair value, the second step compares the implied fair value of goodwill to the carrying value of a reporting unit's goodwill. The implied fair value of goodwill is determined in a manner similar to accounting for a business combination with the allocation of the assessed fair value determined in the first step to the assets and liabilities of the reporting unit. The excess of the fair value of the reporting unit over the amounts assigned to the assets and liabilities is the implied fair value of goodwill. This allocation process is only performed for the purposes of evaluating goodwill impairment and does not result in an entry to adjust the value of any assets or liabilities. Application of a goodwill impairment test requires significant management judgment, including the identification of reporting units, assigning assets, liabilities and goodwill to reporting units, and determining the fair value of each reporting unit.

The Group performs impairment tests in the fourth quarter of each year. No impairment loss was recognized for all periods presented.

**(m) Long-term investments**

Long-term investments represent the Group's investments in privately held companies.

In accordance with ASC 323 "Investment-Equity Method and Joint Ventures", the Group applies the equity method of accounting to equity investments, in common stock or in-substance common stock, over which it has significant influence but does not own a majority equity interest or otherwise control. Under the equity method, the Group initially records its investment at cost. The difference between the cost of the equity investment and the amount of the underlying equity in the net assets of the equity investee is recognized as equity method goodwill or as an intangible asset as appropriate, which is included in the equity method investment on the consolidated balance sheets. The Group subsequently adjusts the carrying amount of the investment to recognize the Group's proportionate share of each equity investee's net income or loss into consolidated statements of comprehensive income/(loss) after the date of acquisition. The Group will discontinue applying equity method if an investment (and additional financial supports to the investee, if any) has been reduced to zero.

An investment in in-substance common stock is an investment that has risk and reward characteristics that are substantially similar to that entity's common stock. The Group considers subordination, risks and rewards of ownership and obligation to transfer value when determining whether an investment in an entity is substantially similar to an investment in that entity's common stock.

For long-term investments in equity securities that are not accounted for using equity method of accounting, and have no readily determinable fair value, the cost method of accounting is used.

The Group continually reviews its long-term investments accounted for under the cost and equity methods to determine whether a decline in fair value to below the carrying value is other than temporary. The primary factors the Group considers in its determination are the length of time that the fair value of the investment is below the Group's carrying value; the financial condition, operating performance and the prospects of the equity investee; and other company specific information such as recent financing rounds. If the decline in fair value is deemed to be other than temporary, the carrying value of the equity investee is written down to fair value.

Impairment charges in connection with the cost method investments of US\$ nil and US\$949 were recorded in the consolidated statements of comprehensive income/(loss) for the years ended December 31, 2014 and 2015, respectively. No impairment charges in connection with the equity method investments were recorded for the years ended December 31, 2014 and 2015.

**(n) Impairment of other long-lived assets**

The carrying amounts of long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is evaluated by a comparison of the carrying amount of assets to future undiscounted net cash flows expected to be generated by the assets. Such assets are considered to be impaired if the sum of the expected undiscounted cash flow is less than the carrying amount of the assets. The impairment to be recognized is measured by the amount by which the carrying amounts of the assets exceed the fair value of the assets. No impairment of other long-lived assets was recognized for years ended December 31, 2013, 2014 and 2015.

**(o) Customer advances and deposits**

Customers pay in advance to purchase membership services, online marketing services and other services. The cash proceeds received from customers are initially recorded as customer advances and deposits and then transferred to deferred revenues when they are used to purchase desired services.

**(p) Revenue recognition**

The Group generates revenues primarily from membership, online marketing and E-commerce services. The Group sells its services through its direct sales teams and third party sales agencies. Under the terms of the agreement with the sales agencies, the sales agencies remit to the Group a certain percentage of the listed sales price. The Group recognizes revenue net of the amounts retained by the sales agencies because the sales agencies will offer discretionary discount to the customer. Additionally, the Group does not receive information from the sales agencies indicating the amount of such discounts offered to the customers or regarding the actual cash paid by the customers to the sales agencies. As such, the Group is unable to determine the gross amounts paid by the customers to the sales agencies. Accordingly, the Group believes that it is more appropriate to recognize revenue net of the amounts retained by the sale agencies. Revenue is recognized when persuasive evidence of an arrangement exists, the price is fixed or determinable, service is performed and collectability of the related fee is reasonably assured.

The Group has adopted the gross presentation for business tax and related surcharges pursuant to ASC 605-45, "Revenue Recognition: Principal Agent Considerations". The amount of business tax and related surcharges included in cost of revenues were US\$1,742, US\$1,632 and US\$3,674 for the years ended December 31, 2013, 2014 and 2015, respectively. Effective January 1, 2012, the PRC Ministry of Finance and the State Administration of Taxation launched the Value Added Tax ("VAT") Pilot Program for certain industries in certain regions. According to the implementation circulars released by the Ministry of Finance and the State Administration of Taxation on the Pilot Program, the "Modern Service Industries" includes research, development and technological services, information technology services, cultural innovation services, logistics support, lease of corporeal properties, attestation and consulting services. Subsidiaries in different regions were affected at different times as the program was rolled out. Most of the Company's entities were subject to the VAT Pilot Program as of December 31, 2014 and 2015. With the adoption of the Pilot Program, the Group's revenues are subject to VAT payable on goods sold or taxable labor services provided by a general VAT taxpayer for a taxable period. VAT payable is the net balance of the output VAT for the period after deducting the input VAT for the period. Hence, the amount of VAT payable does not result directly from output VAT generated from goods sold or taxable labor services provided. Accordingly, the Group has adopted the net presentation of VAT.

**(i) Membership**

A membership is a basic services package mainly consisting of the following services: customer certification, display of an online storefront on the Group's platforms, preferential listing benefits such as limited daily priority listings and higher quota for free daily listings, access to the Group's dedicated customer service support team and online account management system. Membership revenues are recognized ratably over the contract period when membership services are provided.

**(ii) Online marketing services**

The Group's online marketing services include time-based services and performance-based services. Revenues from time-based services are recognized ratably over the service period. Revenues from performance-based services are recognized when the agreed performance criteria are achieved. For service arrangements that include multiple deliverables, revenues are allocated to each unit of accounting based on relative selling price of each unit of accounting according to the selling price hierarchy established by ASU No. 2009-13. The Group uses (a) vendor-specific objective evidence of selling price, if it exists, (b) otherwise, third-party evidence of selling price. If neither (a) nor (b) exists, the Group will use (c) the management's best estimate of the selling price for that deliverable. Selling price is generally determined by vendor specific objective evidence.

**(iii) E-commerce services**

The Group enters into promotional service agreements with real estate developers pursuant to which the Group is authorized to sell discount coupons with face value ranging from RMB2,000 to RMB100,000 to prospective home buyers. The home buyers are required to prepay the full face value of the coupon to the Group before they can use the coupon to purchase specified properties from the real estate developers at a discount significantly greater than the coupon value. The coupon purchased by prospective home buyers is refundable before a purchase of the specified properties prior to the expiry date of the coupon. The Group recognizes revenues when home buyers apply the discount coupon to pay for the purchase price of the specified properties from real estate developers. Cash received in advance of the purchase of specified properties is recorded as customer advances.

**(iv) Other services**

Other services include various off-line services provided. The Group recognises other service revenue when the related service is rendered.

**(q) Cost of revenues**

Costs of revenues mainly consist of costs associated with the production and operation of websites, which include fees paid to third parties for internet connection, content and services, payroll-related expenses, equipment depreciation associated with the website production and operation, and business taxes, etc.

**(r) Advertising expenses**

Advertising costs are generally prepaid to the third parties for television, internet and outdoor advertising services. Advertising costs are expensed as sales and marketing expenses when the services are received. For the years ended December 31, 2013, 2014 and 2015, advertising expenses recognized in the consolidated statements of comprehensive income/(loss) were US\$22,703, US\$73,435 and US\$289,069, respectively.

**(s) Research and development expenses**

Research and development expenses mainly consist of personnel, rent and depreciation expenses associated with the development of and enhancement to the Group's websites and expenses associated with research and development. The research and development expenses are expensed as incurred for all the periods presented.

Costs incurred for the preliminary project stage of internal use software are expensed when incurred in research and development expenses. Costs incurred during the application development stage are capitalized when certain criteria are met as stated in ASC 350-40. Costs incurred during the post-implementation-operation stage are also expensed as incurred. As the period qualified for capitalization has historically been very short and the development costs incurred during this period have been insignificant, development costs of internal use software to date have been expensed when incurred.

**(t) Operating leases**

Leases where substantially all the rewards and risks of ownership of assets remain with the lessors are accounted for as operating leases. Payments made under operating leases are charged to the consolidated statements of comprehensive income/(loss) on a straight-line basis over the terms of underlying lease.

**(u) Share-based compensation**

All share-based awards to employees and directors, including share options, restricted share units (“RSUs”) and restricted shares (“RSs”) are measured at the grant date based on the fair value of the awards. Share-based compensation, net of forfeitures, is recognized as expense on a straight-line basis over the requisite service period, which is the vesting period.

The Group uses the binominal option pricing model to determine the fair value of share options and account for share-based compensation expenses using an estimated forfeiture rate at the time of grant and revising the rate, if necessary, in subsequent periods if actual forfeitures differ from initial estimates. Share-based compensation expenses are recorded net of estimated forfeitures such that expenses are recorded only for those share-based awards that are expected to vest.

See Note 22 for further information regarding share-based compensation assumptions and expenses.

**(v) Income taxes**

Current income taxes are provided on the basis of net income for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes, in accordance with the regulations of the relevant tax jurisdictions. Deferred income taxes are provided using the liability method. Under this method, deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. The effect on deferred taxes of a change in tax rates is recognized in the statement of comprehensive income/(loss) in the period of change. A valuation allowance is provided to reduce the amount of deferred tax assets if it is considered more likely than not that some portion of, or all of the deferred tax assets will not be realized.

*Uncertain tax positions*

The guidance prescribes a more likely than not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Guidance was also provided on derecognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, accounting for income taxes in interim periods, and income tax disclosures. Significant judgment is required in evaluating the Group’s uncertain tax positions and determining its provision for income taxes. The Group recognizes interest and penalties, if any, under accrued expenses and other current liabilities on its balance sheet and under other expenses in its statement of comprehensive income/(loss). The Group did not have any interest or penalties associated with tax positions as of December 31, 2013, 2014 and 2015. As of December 31, 2013, 2014 and 2015, the Group did not have any significant unrecognized uncertain tax positions.

In order to assess uncertain tax positions, the Group applies a more likely than not threshold and a two-step approach for the tax position measurement and financial statement recognition. Under the two-step approach, the first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement.

**(w) Employee benefits**

Full-time employees of the Group in mainland China are entitled to staff welfare benefits including pension, work-related injury benefits, maternity insurance, medical insurance, unemployment benefit and housing fund plans through a PRC government-mandated defined contribution plan. Chinese labor regulation requires that the Group makes contributions to the government for these benefits based on certain percentage of the employees’ salaries, up to a maximum amount specified by the local government. Currently, the Group is paying contributions to the social insurance plan for all full-time employees and to the housing fund plans for some employees, but the amounts paid for these employees may not be sufficient as required by the PRC laws and regulations, for which the Group have made provision based on its best estimate. The Group has no legal obligation for the benefits beyond the required contributions.

The Group recorded employee benefit expenses of US\$9,385, US\$14,499 and US\$53,969 for the years ended December 31, 2013, 2014 and 2015, respectively.

**(x) Government grants**

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the consolidated statements of comprehensive income/(loss) over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the property, plant and equipment and other non-current assets are presented in the consolidated balance sheet by deducting the grants in arriving at the assets carrying amount and are credited to consolidated statements of comprehensive income/(loss) on a straight-line basis over the expected lives of the related assets.

For the years ended December 31, 2013, 2014 and 2015, the Group recognized government grants of US\$982, US\$5,696 and US\$4,841, respectively as other income/(expenses) in the consolidated statements of comprehensive income/(loss).

**(y) Ordinary shares**

The Company accounts for repurchased ordinary shares under the cost method and includes such treasury stock as a component of the common shareholders' equity. Cancellation of treasury stock is recorded as a reduction of ordinary shares, additional paid-in capital and retained earnings, as applicable. An excess of purchase price over par value is allocated to additional paid-in capital first with any remaining excess charged entirely to retained earnings.

**(z) Business combination, noncontrolling interests and mezzanine classified noncontrolling interests**

The Company accounts for its business combinations using the acquisition method of accounting in accordance with Accounting Standards Codification ("ASC") 805 "Business Combinations" ("ASC 805"). The cost of an acquisition is measured as the aggregate of the acquisition date fair values of the assets transferred and liabilities incurred by the Company to the sellers and equity instruments issued. Transaction costs directly attributable to the acquisition are expensed as incurred. Identifiable assets and liabilities acquired or assumed are measured separately at their fair values as of the acquisition date. The excess of (i) the total costs of acquisition, fair value of the noncontrolling interests and acquisition date fair value of any previously held equity interest in the acquiree over (ii) the fair value of the identifiable net assets of the acquiree is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statements of comprehensive income/(loss). During the measurement period, which can be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the consolidated statements of operations.

In a business combination achieved in stages, the Company re-measures the previously held equity interest in the acquiree immediately before obtaining control at its acquisition-date fair value and the re-measurement gain or loss, if any, is recognized in the consolidated statements of comprehensive income/(loss).

For the Company's majority-owned subsidiaries and VIEs, a noncontrolling interest is recognized to reflect the portion of their equity which is not attributable, directly or indirectly, to the Company. When the noncontrolling interest is contingently redeemable upon the occurrence of a conditional event, which is not solely within the control of the Company, the noncontrolling interest is classified as mezzanine classified noncontrolling interest. Consolidated net income/(loss) on the consolidated income statements includes the net income/(loss) attributable to noncontrolling interests and mezzanine equity holders when applicable. The cumulative results of operations attributable to noncontrolling interests are also recorded as noncontrolling interests in the Company's consolidated balance sheets. Cash flows related to transactions with noncontrolling interests are presented under financing activities in the consolidated statements of cash flows.

**(aa) Statutory reserves**

The Group's PRC subsidiaries, the VIEs and VIEs' subsidiaries in China are required to make appropriations to certain non-distributable reserve funds.

In accordance with China's Company Laws, the Company's PRC subsidiary, the VIEs and VIEs' subsidiaries that are Chinese companies, must make appropriations from their after-tax profit (as determined under the Accounting Standards for Business Enterprises as promulgated by the Ministry of Finance of the People's Republic of China ("PRC GAAP")) to non-distributable reserve funds including (i) statutory surplus fund and (ii) discretionary surplus fund. The appropriation to the statutory surplus fund must be at least 10% of the after-tax profits calculated in accordance with PRC GAAP. Appropriation is not required if the statutory surplus fund has reached 50% of the registered capital of the respective company. Appropriation to the discretionary surplus fund is made at the discretion of the respective company.

Pursuant to the laws applicable to China's Foreign Investment Enterprises, the Company's subsidiaries that are foreign investment enterprises in China have to make appropriations from their after-tax profit (as determined under PRC GAAP) to reserve funds including (i) general reserve fund, (ii) enterprise expansion fund and (iii) staff bonus and welfare fund. The appropriation to the general reserve fund must be at least 10% of the after tax profits calculated in accordance with PRC GAAP. Appropriation is not required if the reserve fund has reached 50% of the registered capital of the respective company. Appropriations to the other two reserve funds are at the respective company's discretion. The use of the general reserve fund, statutory surplus fund and discretionary surplus fund are restricted to the offsetting of losses to increase the registered capital of the respective company. These reserves are not allowed to be transferred out as cash dividends, loans or advances, nor can they be distributed except under liquidation.

As of December 31, 2015, the Group had statutory reserve fund amounted to US\$3,930.

**(ab) Related parties**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or significant influence of the same party, such as a family member or relative, shareholder, or a related corporation.

**(ac) Earnings/(loss) per share**

Basic earnings/(loss) per share is computed by dividing net income/(loss) attributable to 58.com Inc. by the weighted average number of ordinary shares outstanding during the period using the two-class method. Under the two-class method, net income is allocated between ordinary shares and other participating securities based on their participating rights. Net loss is not allocated to other participating securities if based on their contractual terms they are not obligated to share in the losses. Diluted earnings/(loss) per share is calculated by dividing net income/(loss) attributable to ordinary shareholders, as adjusted for the accretions and allocation of net income related to the preference shares, if any, by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the period. Ordinary equivalent shares consist of shares issuable upon the conversion of the preference shares using the if-converted method, and shares issuable upon the exercise of share options using the treasury stock method. Ordinary equivalent shares are not included in the denominator of the diluted earnings/(loss) per share calculation when inclusion of such shares would be anti-dilutive.

**(ad) Comprehensive income/(loss)**

Comprehensive income/(loss) is defined as the change in equity of the Group during a period arising from transactions and other events and circumstances excluding transactions resulting from investments by shareholders and distributions to shareholders. Comprehensive income or loss is reported in the consolidated statements of comprehensive income/(loss). Accumulated other comprehensive income/(loss), as presented on the accompanying consolidated balance sheets, consists of accumulated foreign currency translation adjustment and unrealized gain/(loss) on available-for-sale securities.

**(ae) Segment reporting**

Based on the criteria established by ASC 280 "Segment Reporting", the Group's chief operating decision maker has been identified as the Chief Executive Officer, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Group. The Group has internal reporting of revenue by products but has internal reporting of cost and expenses that do not distinguish between segments, and costs and expenses of the Group is reported by nature as a whole. The Group does not distinguish between markets or segments for the purpose of internal reporting. Hence, the Group has only one operating and reportable segment. As the Group's long-lived assets and revenue are substantially located in and derived from the PRC, no geographical segments are presented.

**(af) Recently issued accounting pronouncements**

In May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606).” This guidance supersedes current guidance on revenue recognition in Topic 605, “Revenue Recognition.” In addition, there are disclosure requirements related to the nature, amount, timing, and uncertainty of revenue recognition. This guidance will be effective for annual reporting periods beginning after December 15, 2016, including interim reporting periods, and will be required to be applied retrospectively. Early application of the guidance is not permitted. In August 2015, the FASB issued ASU No. 2015-14 to defer the effective date of ASU No. 2014-09 for all entities by one year. The Group is in the process of evaluating the impact of the standard on its consolidated financial statements.

In June 2014, the FASB issued ASU No. 2014-12, “Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period”. The new standard requires that a performance target that affects vesting and that could be achieved after the requisite service period is treated as a performance condition. A reporting entity should apply existing guidance in Topic 718, Compensation-Stock Compensation, as it relates to awards with performance conditions that affect vesting to account for such awards. The performance target should not be reflected in estimating the grant-date fair value of the award. Compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. If the performance target becomes probable of being achieved before the end of the requisite service period, the remaining unrecognized compensation cost should be recognized prospectively over the remaining requisite service period. The total amount of compensation cost recognized during and after the requisite service period should reflect the number of awards that are expected to vest and should be adjusted to reflect those awards that ultimately vest. The requisite service period ends when the employee can cease rendering service and still be eligible to vest in the award if the performance target is achieved. The amendments in this ASU are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. Earlier adoption is permitted. The implementation of this update is not expected to have any material impact on the Group’s consolidated financial statements.

In August 2014, FASB issued ASU No. 2014-15, “Presentation of Financial Statements—Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern.” The new standard addresses management’s responsibility to evaluate whether there is substantial doubt about an entity’s ability to continue as a going concern and to provide related footnote disclosures. Management’s evaluation should be based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued. The new standard will be effective for the first interim period within annual reporting periods beginning after December 15, 2016. Early adoption is permitted. The Group is currently evaluating the impact of this guidance.

In February 2015, the FASB issued Consolidation (Topic 810)—Amendments to the Consolidation Analysis. The amendments in Topic 810 respond to stakeholders’ concerns about the current accounting for consolidation of variable interest entities, by changing aspects of the analysis that a reporting entity must perform to determine whether it should consolidate such entities. Under the amendments, all reporting entities are within the scope of Subtopic 810-10, Consolidation—Overall, including limited partnerships and similar legal entities, unless a scope exception applies. The amendments are intended to be an improvement to current U.S. GAAP, as they simplify the codification of FASB Statement No. 167, Amendments to FASB Interpretation No. 46(R), with changes including reducing the number of consolidation models through the elimination of the indefinite deferral of Statement 167 and placing more emphasis on risk of loss when determining a controlling financial interest. The amendments are effective for publicly-traded companies for fiscal years beginning after December 15, 2015, and for interim periods within those fiscal years. Earlier adoption is permitted. The Group has early adopted the guidance and considered there is no material impact on the Group’s consolidated financial statements.

In September 2015, the FASB issued ASU No. 2015-16, Simplifying the Accounting for Measurement-Period Adjustments, which eliminates the requirement for acquirers in a business combination to account for measurement-period adjustments retrospectively. Instead, acquirers must recognize measurement-period adjustments during the period in which they determine the amounts, including the effect on earnings of any amounts that would have been recorded in previous periods if the accounting had been completed at the acquisition date. This update is effective for interim and annual periods beginning after December 15, 2015, with early adoption permitted. The implementation of this update is not expected to have any material impact on the Group’s consolidated financial statements.

In November 2015, the FASB issued ASU No. 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes, which simplifies the presentation of deferred income taxes by requiring deferred tax assets and liabilities to be classified as noncurrent on the balance sheet. The amendments in this update are effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. The Group is currently evaluating the effect of adoption of this ASU and expects that it will have an impact on the Group’s consolidated balance sheets, as current deferred tax assets were US\$86 and current deferred tax liabilities were US\$66,238 as of December 31, 2015.

In January 2016, the FASB issued ASU 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities, which provides guidance for the recognition, measurement, presentation, and disclosure of financial assets and liabilities. The guidance will be effective for the fiscal year beginning after December 15, 2017, including interim periods within that year. The Group is in the process of evaluating the impacts of the adoption of this ASU.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which amends the existing accounting standards for lease accounting. This update requires lessees to recognize a right-of-use asset and lease liability for all leases with terms of more than twelve months. Lessees are permitted to make an accounting policy election to not recognize the asset and liability for leases with a term of twelve months or less. The update does not significantly change the lessees' recognition, measurement and presentation of expenses and cash flows from the previous accounting standard. The amendments in this Update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Group is currently assessing the potential effects this update may have on its consolidated financial statements and related disclosures.

In March 2016, the FASB issued ASU 2016-09, "Compensation—Stock Compensation (Topic 718)," which intends to improve the accounting for employee share-based payments. This standard will be effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods, with early adoption permitted. The Group is currently evaluating the impact this new guidance will have on its consolidated financial statements.

### **3. Credit risks and concentration**

#### **(a) Credit risk**

The Group's credit risk arises from cash and cash equivalents, term deposits, short-term investments, as well as credit exposures to receivables due from its customers, related parties and other parties.

The Group believes that there is no significant credit risk associated with cash and cash equivalents and term deposits which were held by reputable financial institutions in the jurisdictions where the Company, its subsidiaries, the VIEs and VIEs' subsidiaries are located.

The Group has no significant concentrations of credit risk with respect to its customers, except for the accounts receivable from the internet search companies as discussed below. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantees from third parties, their credit history and other factors such as current market conditions.

#### **(b) Major customers**

There was no customer whose revenue represented over 10% of total revenues in 2013, 2014 and 2015.

The accounts receivable from one internet search company represented approximately 45% and 13% of total accounts receivable as of December 31, 2014 and 2015, respectively. No other customer has receivables representing over 10% of total accounts receivable.

#### **(c) Foreign currency risk**

The Group's operating transactions are mainly denominated in RMB. RMB is not freely convertible into foreign currencies. The value of the RMB is subject to changes by the central government policies and to international economic and political developments. In the PRC, certain foreign exchange transactions are required by law to be transacted only by authorized financial institutions at exchange rates set by the People's Bank of China (the "PBOC"). Remittances in currencies other than RMB by the Group in China must be processed through the PBOC or other China foreign exchange regulatory bodies which require certain supporting documentation in order to effect the remittance.

#### **4. Business acquisitions and equity investment transactions**

##### **(a) Acquisition of Anjuke Inc. (“Anjuke”)**

On March 2, 2015, the Group completed the acquisition of 100% equity interest of Anjuke, a major online real estate listing platform in China which allows potential home buyers and renters to search for primary and secondary real estate. This transaction allows the Group to create China’s largest secondary and rental real estate platform by combining the Group’s housing content category with Anjuke’s platform. Total consideration for this acquisition consisted of 4,839,372 newly issued ordinary shares and 248,216 fully vested restricted share units (“RSUs”) of the Company and US\$160,198 in cash.

The acquisition had been accounted for as a business acquisition and the results of operations of Anjuke and its subsidiaries and affiliated companies from the acquisition date have been included in the Group’s consolidated financial statements. The Group made estimates and judgments in determining the fair value of acquired assets and liabilities, with the assistance of an independent valuation firm and management’s experience with similar assets and liabilities. In performing the purchase price allocation, the Group considered the analyses of historical financial performance and estimates of future performance of Anjuke.

The allocation of the purchase price is as follows:

|                                   | <u>Amounts</u> | <u>Amortization Years</u> |
|-----------------------------------|----------------|---------------------------|
|                                   | US\$           |                           |
| Net assets acquired               | 6,446          |                           |
| Amortizable intangible assets:    |                |                           |
| Domain names and trademarks       | 27,356         | 10                        |
| Technology                        | 9,702          | 5                         |
| Customer relationship             | 2,386          | 2                         |
| Goodwill                          | 218,126        |                           |
| Deferred tax liabilities          | (9,861)        |                           |
| Total                             | <u>254,155</u> |                           |
| Total purchase price comprised of |                |                           |
| -Cash consideration               | 160,198        |                           |
| -Equity consideration             | 93,957         |                           |
| Total                             | <u>254,155</u> |                           |

The US\$160,198 of total cash consideration less cash acquired of US\$6,590 and cash consideration payable of US\$28,962 resulted in a net cash outlay of US\$124,646 at the acquisition date. The excess of purchase price over net tangible assets and identifiable intangible assets acquired were recorded as goodwill. Goodwill primarily represents the expected synergies from combining the Group's housing content category with Anjuke's platform. The goodwill is not expected to be deductible for tax purposes. No subsequent purchase price adjustment has been made.

**(b) Investment and consolidation of Falcon View Technology ("Ganji")**

(i) Equity investment in Ganji

On April 20, 2015, the Group acquired from Ganji's shareholders certain number of ordinary and preference shares of Ganji which accounted for less than 50% equity stake in Ganji, the holding company of the PRC entities operating Ganji.com, a major online local services platform in China for consideration consisting 34,039,136 newly issued ordinary shares of the Company and US\$412,237 in cash. The US\$412,237 of total cash consideration less consideration payable of US\$122,413 resulted in a net cash outlay of US\$289,824 upon the completion of the equity investment. (the "Transaction (i)")

The investment in the ordinary shares of Ganji was accounted for as equity method investment based on the equity interest of 31.6% attributable to the acquired ordinary shares of Ganji in accordance with ASC 323. During the period from April 20, 2015 to August 6, 2015, the Group recognized its proportionate share of Ganji's net loss, which amounted to US\$103,550, into the consolidated statements of comprehensive income/(loss).

The investment in the preference shares of Ganji was accounted for as cost method investment in accordance with ASC 325-20 because the preference shares of Ganji acquired by the Group were not in-substance common stocks and there was no readily determinable fair value of the Ganji shares.

In accordance with Rule 4-08(g) of Regulation S-X, the Company summarized condensed financial information of Ganji for the period in which it was accounted for by equity method.

|   | <u>For the period from April 20</u> |
|---|-------------------------------------|
|   | <u>to August 6, 2015</u>            |
|   | US\$                                |
| <b>Operating data:</b>                        |                                     |
| Revenues                                      | 52,400                              |
| Gross profit                                  | 47,507                              |
| Loss from operations                          | (329,014)                           |
| Net loss                                      | (328,076)                           |
| Net loss attributable to Ganji's shareholders | (327,688)                           |

As of August 6, 2015  
US\$

| <b>Balance sheets data:</b> |         |
|-----------------------------|---------|
| Current assets              | 170,558 |
| Non-current assets          | 264,502 |
| Current liabilities         | 165,459 |
| Non-current liabilities     | 64,211  |
| Mezzanine equity            | 4,926   |
| Total shareholders' equity  | 200,464 |

(ii) Investment in private equity funds which invested in Ganji

On July 31, 2015, the Company issued a convertible note to Tencent for a cash consideration of US\$400,000 (See Note 15). Subsequently, the Company committed the whole US\$400,000 proceeds from this transaction, together with additional cash of US\$6,673 from the Company and 46,505,912 newly issued ordinary shares of the Company to several private equity funds (the "Equity Funds") of which 46,505,912 newly issued ordinary shares and US\$272,396 cash were contributed to the funds in August, 2015. These funds are dedicated to investing in businesses in China and separately managed by different investment entities, as general partners, and they are unaffiliated with each other and unaffiliated with the Company. These funds, together with Tencent, acquired all the remaining equity interests in Ganji on August 6, 2015 (the "Transaction (ii)"). The Company also transferred an aggregate of 4,449,002 fully vested restricted share units of the Company and approximately US\$50,967 in cash to former Ganji employees as part of the total consideration of step acquisition of Ganji.

Upon the completion of the transactions on August 6, 2015, Ganji was directly owned by the Company as a result of the Transaction (i) and by the Equity Funds and Tencent as a result of the Transaction (ii).

The Company decided to early adopt ASU 2015-2, which is a new consolidation standard, to account for the investment in the Equity Funds and hence Ganji. Although the Company is a limited partner of the Equity Funds, the Company has a substantive kick-out right and holds the majority shareholding in the Equity Funds, and there are no other limited partners holding substantive participating right to the Equity Funds. Therefore the Company considered that it has a controlling financial interest over the Equity funds under the voting interest model, and as a result has consolidated Ganji since August 6, 2015. The financial results of Ganji were no longer reflected in the financial statement line item of "investment income/(loss), net". The Company accounted for the Transaction (ii) as step acquisition of Ganji on August 6, 2015. The Group believes the investment in the Equity Funds which acquired Ganji will allow the Group to leverage the Ganji platform and create business synergy for the Group's online local services platform.

Because of the step acquisition, the Company became the beneficial owner of an aggregate of 99.6% equity interest in Ganji. The remaining 0.4% interest in Ganji was owned by Tencent. In relation to this noncontrolling interest in Ganji, a put option agreement was entered into between the Company and Tencent in 2015, where the Company has also granted to Tencent a right to sell all of Tencent's interest in Ganji (the "Put Option").

The Company determined that the Put Option over Tencent's noncontrolling interest in Ganji was considered on a combined basis and was accounted for as mezzanine classified noncontrolling interest as a whole as the noncontrolling interest can be redeemed by Tencent through exercising the Put Option and the carrying amount of the mezzanine classified noncontrolling interest initially recognized on August 6, 2015 was accreted using effective interest method to the accreted value pursuant to the Put Option agreement.

On the acquisition date of Ganji, the mezzanine classified noncontrolling interest is recognized and measured at fair value by the Company in accordance with ASC 805-20-30-1 and ASC 480-10-S99-3A and the Company's previously held interest in Ganji (i.e. the less than 50% investment as a result of Transaction (i)) was remeasured to fair value on the same date in accordance with ASC 805-10-25-10.

By applying a market approach and an income approach, the fair value of the mezzanine classified noncontrolling interest and the fair value of the previously held equity interest in Ganji were estimated to be US\$14,140 and US\$1,184,714, respectively. These fair value measurements of the noncontrolling interest and the previously held equity interest are based on significant inputs not observable in the market, and thus represent Level 3 measurements. The Group recognized a loss of US\$35,217 as a result of the remeasurement of the previously held equity interest in Ganji upon completion of the step acquisition in Ganji.

The fair value estimates for the noncontrolling interest and the previously held equity interest are based on (1) an assumed discount rate of 15.6%, (2) an assumed terminal growth rate of 3.0%, (3) assumed financial multiples of reporting entities deemed to be similar to Ganji, and (4) assumed adjustments because of the lack of control or lack of marketability, as relevant, that market participants would consider when estimating the fair value of the noncontrolling interest and the previously held equity interest in Ganji.

The Group made estimates and judgments in determining the fair value of acquired assets and liabilities, with the assistance of an independent valuation firm and management's experience with similar assets and liabilities. The allocation of the purchase price is as follows:

|   | <u>Amounts</u><br><u>US\$</u> | <u>Amortization</u><br><u>Years</u> |
|---|-------------------------------|-------------------------------------|
| Net assets acquired                             | 12,848                        |                                     |
| Amortizable intangible assets:                  |                               |                                     |
| Domain names and trademarks                     | 234,700                       | 9.4                                 |
| Technology                                      | 24,300                        | 4.4                                 |
| Mezzanine classified noncontrolling interest    | (14,140)                      |                                     |
| Goodwill  | 2,611,053                     |                                     |
| Deferred tax liabilities                        | (64,750)                      |                                     |
| Total   | <u>2,804,011</u>              |                                     |
| Total purchase price comprised of               |                               |                                     |
| -Cash consideration                             | 457,640                       |                                     |
| -Equity consideration                           | 1,161,657                     |                                     |
| -Fair value of previously held equity interests | 1,184,714                     |                                     |
| Total   | <u>2,804,011</u>              |                                     |

The US\$457,640 of total cash consideration less cash acquired of US\$61,627 and consideration payable of US\$151,368 resulted in a net cash outlay of US\$244,645 at the acquisition date. The excess of purchase price over the fair value of assets acquired and liabilities assumed of the business acquired was recorded as goodwill. The goodwill primarily represents the expected synergies from combining the Group's 58.com platform with Ganji's platform and fully integrating each service category. The goodwill is not expected to be deductible for tax purposes. No subsequent purchase price adjustment has been made.

**(c) Other acquisitions**

In 2015, the Group also completed other acquisitions that will be accounted for as business acquisitions. The Group made estimates and judgments in determining the fair value of acquired assets and liabilities, with the assistance of an independent valuation firm and management's experience with similar assets and liabilities. The allocation of the purchase price of all the other acquisitions is summarized below:

|                                | <u>Amounts</u><br><u>US\$</u> | <u>Amortization</u><br><u>Years</u> |
|--------------------------------|-------------------------------|-------------------------------------|
| Net assets acquired            | 25,495                        |                                     |
| Amortizable intangible assets: |                               |                                     |
| Domain names and trademarks    | 8,485                         | 9-10                                |
| Technology                     | 853                           | 4-5                                 |
| Customer relationship          | 1,674                         | 2-3                                 |
| Goodwill                       | 28,582                        |                                     |
| Deferred tax liabilities       | (1,145)                       |                                     |
| Bargain purchase gain          | (1,650)                       |                                     |
| Less noncontrolling interest   | (7,551)                       |                                     |
| Total consideration in cash    | <u>54,743</u>                 |                                     |

The US\$54,743 of total cash consideration less cash acquired of US\$10,914, cash consideration payable of US\$382 and consideration prepaid in 2014 of US\$654 resulted in a net cash outlay of US\$42,793 at the acquisition date.

**(d) Pro forma total revenue and net loss of the Group reflecting acquisitions made in 2015**

The total revenue and net loss arising from acquisitions made in 2015 that are included in the Group’s consolidated statement of comprehensive income/(loss) for the year ended December 31, 2015 are US\$186,738 and US\$78,661, respectively.

The following summary of unaudited pro forma results of operations of the Group for the years ended December 31, 2014 and 2015 is presented using the assumption that the acquisitions made in 2015 were completed as of January 1, 2014. These pro forma results of the Group have been prepared for comparative purposes only and do not purport to be indicative of the results of operations which would have resulted had the acquisitions occurred as of January 1, 2014, nor is it indicative of future operating results. The pro forma adjustments are based upon available information and certain assumptions that management believes are reasonable.

|                          | <b>For the year ended December 31,</b> |                    |
|--------------------------|--|--------------------|
|                          | <b>2014</b>                            | <b>2015</b>        |
|                          | <b>(unaudited)</b>                     | <b>(unaudited)</b> |
|                          | <b>US\$</b>                            | <b>US\$</b>        |
| Pro forma total revenues | 464,669                                | 835,982            |
| Pro forma net loss       | (96,917)                               | (543,569)          |

**5. Deconsolidation of 58 Home**

58 Home has been the holding company of the 58 Home business and a majority owned entity of the Company since its establishment in late 2014. The Company owned 80,000,000 ordinary shares issued by 58 Home (“58 Home Ordinary Shares”).

In February 2015, 58 Home adopted its 2015 Share Incentive Plan (“58 Home 2015 Plan”). In February 2015, 58 Home granted 9,100,000 restricted shares to the selected management members of 58 Home. In April 2015, 58 Home further granted 1,880,000 restricted shares to a senior management member of the Company. All of these restricted shares were fully vested on the respective grant dates. Share-based compensation expense amounted to US\$1,978 was recognized for the period from respective grant dates to November 27, 2015 with respect to the grant of the restricted shares. These holders of restricted shares are referred to as “noncontrolling interests” of 58 Home. Other share-based awards granted by 58 Home to its employees were discussed in Note 22.

On October 12, 2015, a share subscription agreement (the “58 Home Share Subscription Agreement”) was entered into among 58 Home and certain investors whereby 58 Home agreed to issue to the investors 40,800,000 Series A convertible preference shares (“58 Home Series A Preference Shares”), at a price of US\$7.3529 per share, amounting to an aggregate purchase price of US\$300,000. Investors of the 58 Home Series A Preference Shares included the Company who paid US\$10,000 for 1,360,000 58 Home Series A Preference Shares and other new investors who paid US\$290,000 aggregately to subscribe the remaining 39,440,000 58 Home Series A Preference Shares.

Before closing of the transaction, in November 2015, pursuant to the 58 Home Share Subscription Agreement, the Company unilaterally contributed US\$100,638 as additional paid-in capital to 58 Home by waiving US\$100,638 receivable from 58 Home. Because the noncontrolling ordinary shareholders of 58 Home are employees of the Group, the unilateral capital contribution by the Company resulted in the increase in the noncontrolling interests of 58 Home by US\$12,147 and the corresponding amount was recognized as employee compensation expense in the Group’s consolidated statements of comprehensive income/(loss).

Pursuant to the Amended and Restated Memorandum of Association of 58 Home adopted on October 26, 2015, certain approval rights were granted to a noncontrolling preference shareholder of 58 Home in relation to (i) annual budget and (ii) employment of certain key management members of 58 Home. These approval rights granted to the noncontrolling preference shareholder of 58 Home were considered as substantive participating rights in accordance with ASC 810-10. As a result, the Group has deconsolidated 58 Home since the completion of the transaction on November 27, 2015.

On the date of deconsolidation, the Group derecognized the assets and liabilities, including allocated goodwill attributable to 58 Home, which amounted to US\$207,833, derecognized noncontrolling interests of 58 Home and recognized the investment in 58 Home Series A Preference Shares at fair value of US\$10,000, the investment in 58 Home Ordinary Shares at fair value of US\$256,000, and a gain on deconsolidation of 58 Home of US\$45,998.

Subsequent to the completion of the transaction, the Group continued to retain equity interest in 58 Home through its ownership of 80,000,000 58 Home Ordinary Shares, representing 87.9% ordinary share equity interest in 58 Home, and of 1,360,000 58 Home Series A Preference Shares. The Company's investment in 58 Home Ordinary Shares was accounted for as equity method investment in accordance with ASC 323. The Company has shared 87.9% of net loss of 58 Home for the period from November 27, 2015 to December 31, 2015 and recorded an investment loss of US\$9,288. On the other hand, the Company's investment in the 58 Home Series A Preference Shares was accounted for as cost method investment in accordance with ASC 325-20 because the preference shares were not considered as in-substance common stock and the shares do not have readily determinable fair value or quoted market price.

In accordance with Rule 4-08(g) of Regulation S-X, the Company summarized the condensed financial information of 58 Home for the period in which it was accounted for by equity method.

|                             | <b>For the period from<br/>November 27 to December<br/>31, 2015</b> |
|-----------------------------|---|
|                             | <b>US\$</b>   |
| <b>Operating data:</b>      |   |
| Total revenues              | 51  |
| Gross profit                | (86)  |
| Loss from operations        | (10,856)  |
| Net loss                    | (10,562)  |
|                             | <b>As of December 31, 2015</b>                                      |
|                             | <b>US\$</b>   |
| <b>Balance sheets data:</b> |   |
| Current assets              | 233,665   |
| Non-current assets          | 83,303  |
| Current liabilities         | 25,452  |
| Mezzanine equity            | 300,000   |
| Total shareholders' deficit | (8,484)   |

## 6. Disposal of Guazi

As part of the acquired Ganji business, Guazi is engaged in the business of operating an online C2C platform for trading used cars and providing relevant services.

On December 31, 2015, the following transactions were completed pursuant to a share purchase agreement, dated November 25, 2015, by and among the Company, the entities of Guazi and Mr. Haoyong Yang, former co-chairman of the Company's board of directors (the "Guazi Purchaser"):

- The Company transferred 54.4% ownership interest in Guazi to the Guazi Purchaser in return for US\$50,000 cash.
- The Company concurrently used the proceeds of US\$50,000 to invest in a US\$50,000 non-interest bearing convertible note issued by Guazi (the "Guazi Convertible Note"). The Guazi Convertible Note is convertible into preference shares of Guazi to be issued in Guazi's subsequent round of financing at the same price paid by other investors in the subsequent round of financing.
- The Company retained 45.6% ownership interest in Guazi by purchasing 38,800,000 Series A convertible and redeemable preference shares of Guazi (the "Series A Guazi Shares").

The negotiation and execution of the transactions mentioned above were not dependent with the acquisition of Ganji.

As a result of the Company's loss of control over Guazi on December 31, 2015, the Company derecognized the assets and liabilities, including allocated goodwill, attributable to Guazi, which amounted to US\$27,788, and recognized the investment in Series A Guazi Shares at fair value of US\$53,684, the investment in Guazi Convertible Note at fair value of US\$47,310, a gain on Guazi disposal of US\$73,240 on December 31, 2015.

The Series A Guazi Shares and the Guazi Convertible Note were considered as the consideration received by the Company in return for the disposal of Guazi. The Company assessed the fair values of the Series A Guazi Shares and Guazi Convertible Note on the disposal date with the assistance of a third-party independent valuation specialist. The fair values were based on significant inputs not observable in the market, and thus represented Level 3 measurements.

Subsequently, the investment in Series A Guazi Shares was accounted for under cost method in accordance with ASC 325-20 as the shares held by the Company were not considered in-substance common stock and the shares do not have readily determinable fair value. The Company also determined that the host contract of Series A Guazi Shares is equity in nature and there were no embedded derivative that needs to be separately accounted for in accordance with ASC 815-15-25-1.

The Company accounted for its investment in Guazi Convertible Note under ASC 310 which was carried at amortized cost using effective interest rate method and presented it as a long term prepayment for additional shares of Guazi upon note conversion.

## 7. Short-term investments

Short-term investments consisted of the following:

|                                     | As of December 31, |               |
|-------------------------------------|--------------------|---------------|
|                                     | 2014               | 2015          |
|                                     | US\$               | US\$          |
| Variable-rate financial instruments | 207,257            | 29,351        |
| Available-for-sale securities       | 8,889              | 11,867        |
| Total                               | <u>216,146</u>     | <u>41,218</u> |

The Group purchased stock of a US listed company in private placement in December 2014 at a cost of US\$10,000 and accounted for it as available-for-sale securities. For the year ended December 31, 2014 and 2015, approximately US\$1,111 of unrealized loss and US\$2,978 of unrealized gain on available-for-sale securities was recognized in accumulated other comprehensive loss, respectively.

## 8. Accounts receivable, net

Accounts receivable, net, consists of the following:

|                                | As of December 31, |               |
|--------------------------------|--------------------|---------------|
|                                | 2014               | 2015          |
|                                | US\$               | US\$          |
| Accounts receivable            | 6,282              | 59,916        |
| Allowance of doubtful accounts | —                  | (5,885)       |
| Accounts receivable, net       | <u>6,282</u>       | <u>54,031</u> |

## 9. Prepayments and other current assets

The following is a summary of prepayments and other current assets:

|                             | As of December 31, |               |
|-----------------------------|--------------------|---------------|
|                             | 2014               | 2015          |
|                             | US\$               | US\$          |
| Rental and other deposits   | 2,211              | 19,498        |
| Prepaid advertising fees    | 6,898              | 12,199        |
| Input VAT                   | 2,090              | 11,796        |
| Employee advances           | 3,785              | 10,954        |
| Prepayment for service fees | 940                | 7,205         |
| Prepaid rental              | 4,863              | 5,199         |
| Interest receivable         | 2,574              | 33            |
| Note and other receivables  | —                  | 7,113         |
| Others                      | 770                | 2,881         |
| Total                       | <u>24,131</u>      | <u>76,878</u> |

The prepaid advertising fees represent prepayments to third parties for advertising services, mainly through television, internet and outdoor media. The advertising expenses are recognized in sales and marketing expenses subsequently, when the services are received.

## 10. Property and equipment, net

The following is a summary of property and equipment, net:

|                                | As of December 31, |          |
|--------------------------------|--------------------|----------|
|                                | 2014               | 2015     |
|                                | US\$               | US\$     |
| Buildings                      | —                  | 79,973   |
| Computers and equipment        | 24,335             | 56,076   |
| Motor vehicles                 | 1,098              | 1,236    |
| Furniture and fixtures         | 703                | 2,333    |
| Leasehold improvements         | 5,928              | 16,855   |
| Software                       | 1,530              | 3,515    |
| Total                          | 33,594             | 159,988  |
| Less: Accumulated depreciation | (15,695)           | (36,895) |
| Net book value                 | 17,899             | 123,093  |

Depreciation expenses for the years ended December 31, 2013, 2014 and 2015 were US\$4,644, US\$5,594 and US\$14,604, respectively.

## 11. Intangible assets, net

The following is a summary of intangible assets, net:

|                                | As of December 31, |          |
|--------------------------------|--------------------|----------|
|                                | 2014               | 2015     |
|                                | US\$               | US\$     |
| Domain names and trademarks    | 504                | 252,892  |
| Technology                     | —                  | 33,120   |
| Customer relationship          | —                  | 3,945    |
| Total                          | 504                | 289,957  |
| Less: Accumulated amortization | (44)               | (18,500) |
| Net book value                 | 460                | 271,457  |

Amortization expenses for the years ended December, 2013, 2014 and 2015 were US\$13, US\$13 and US\$18,558, respectively. During the same periods, no impairment was recognized in the consolidated statements of comprehensive income/(loss).

The estimated aggregate amortization expenses for each of the five succeeding fiscal years and thereafter are as follows:

|                                       | Amounts |
|---------------------------------------|---------|
|                                       | US\$    |
| For the year ending December 31, 2015 |         |
| 2016                                  | 35,586  |
| 2017                                  | 34,523  |
| 2018                                  | 34,122  |
| 2019                                  | 33,653  |
| 2020                                  | 26,825  |
| Thereafter                            | 106,748 |
| Total                                 | 271,457 |

## 12. Goodwill

The changes in the carrying amount of goodwill for the years ended December 31, 2014 and 2015 were as follows:

|  | Amounts   |
|--|-----------|
|  | US\$      |
| Balance as of December 31, 2014              | —         |
| Additions                                    | 2,857,761 |
| Deconsolidation and disposal of subsidiaries | (235,621) |
| Foreign currency translation adjustments     | (160,947) |
| Balance as of December 31, 2015              | 2,461,193 |

In the annual impairment assessment of goodwill, the Company concluded that there was no impairment charge for the year ended December 31, 2015.

### 13. Long-term investments

The following is a summary of long-term investments:

|  | <b>As of December 31,</b> |                |
|--|---------------------------|----------------|
|  | <b>2014</b>               | <b>2015</b>    |
|  | <b>US\$</b>               | <b>US\$</b>    |
| <b>Cost method investments:</b>                      |                           |                |
| Investment in Series A Guazi Shares (a)              | —                         | 53,684         |
| Investee B (b)                                       | —                         | 33,722         |
| Investee C (c)                                       | 20,000                    | 20,000         |
| Investee D (d)                                       | —                         | 15,000         |
| Investment in 58 Home Series A Preference Shares (g) | —                         | 10,000         |
| Investee E (e)                                       | —                         | 3,465          |
| Others (f)   | 3,784                     | 7,741          |
| <b>Total cost method investments</b>                 | <b>23,784</b>             | <b>143,612</b> |
| <b>Equity method investments:</b>                    |                           |                |
| Investment in 58 Home Ordinary Shares (g)            | —                         | 246,778        |
| Others   | —                         | 871            |
| <b>Total equity method investments</b>               | <b>—</b>                  | <b>247,649</b> |
| <b>Total long-term investments</b>                   | <b>23,784</b>             | <b>391,261</b> |

(a) In 2015, as a result of the disposal of Guazi (See Note 6), the Group retained certain equity interest in Guazi by investing in 38,800,000 Series A Guazi Shares. The investment in Series A Guazi Shares was measured at fair value of US\$53,684 on the date of disposal and was subsequently accounted for under cost method as the shares invested by the Group were not considered as in-substance common stock and the shares do not have readily determinable fair value or quoted market price.

(b) In 2015, the Group acquired shares of investee B for cash consideration of US\$33,722. Investee B is mainly engaged in the business of providing home decoration and home decoration-related services (including the online information services in connection with home renovation and decoration and building materials) through the internet. The investment is accounted for under cost method as the shares invested by the Group were not considered as in-substance common stock and the shares do not have readily determinable fair value.

(c) In 2014, the Group acquired shares of investee C for cash consideration of US\$20,000. Investee C is mainly engaged in the provision of temporary driving services. The investment is accounted for under cost method as the Group does not have ability to exercise significant influence over operating and financial policies of investee C and the shares do not have readily determinable fair value.

(d) In 2015, the Group acquired shares of investee D for cash consideration of US\$15,000. Investee D is mainly engaged in the business of operating a real estate internet portal. The investment is accounted for under cost method as the shares invested by the Group were not considered as in-substance common stock and the shares do not have readily determinable fair value.

(e) In 2015, the Group acquired shares of investee E for cash consideration of US\$3,465. Investee E is mainly engaged in the second-hand automobile sales chained agency services. The investment is accounted for under the cost method as the shares invested by the Group were not considered as in-substance common stock and the shares do not have readily determinable fair value.

(f) In 2015, the Group acquired shares of other companies for an aggregate cash consideration of US\$7,741. The cash consideration paid for each of these investments was less than US\$3,000. These investments are accounted for under cost method as the shares invested by the Group were not considered as in-substance common stock and the shares do not have readily determinable fair value.

(g) As a result of the deconsolidation of 58 Home on November 27, 2015 (as set out in Note 5), the Group continue to retain equity interest in 58 Home through its ownership of 80,000,000 58 Home Ordinary Shares and of 1,360,000 58 Home Series A Preference Shares. The Company's investment in 58 Home Ordinary Shares was accounted for as equity method investment in accordance with ASC 323. For the period from November 27, 2015 to December 31, 2015, the Group recorded an investment loss of US\$9,288. The Company's investment in 58 Home Series A Preference Shares was accounted for as cost method investment in accordance with ASC 325-20 because the 58 Home Series A Preference Shares were not considered as in-substance common stock and the shares do not have readily determinable fair value or quoted market price.

#### 14. Long-term prepayments

The following is a summary of long-term prepayments:

|   | <b>As of December 31,</b> |                |
|---|---------------------------|----------------|
|   | <b>2014</b>               | <b>2015</b>    |
|   | <b>US\$</b>               | <b>US\$</b>    |
| Prepayment for purchase of property and equipment | 16,883                    | 99,774         |
| Investment in Guazi Convertible Note              | —                         | 47,310         |
| Prepayment for acquisition and investments        | 611                       | 5,420          |
| Rental deposits                                   | 1,436                     | 3,510          |
| Long-term prepaid rental                          | 2,097                     | 59             |
| Others  | —                         | 3,251          |
| <b>Total</b>                                      | <b>21,027</b>             | <b>159,324</b> |

The prepayment for purchase of property and equipment mainly represented cash payment made to a third party developer in 2015 to purchase office buildings. The buildings will be used as part of new corporate headquarters upon completion in 2016.

#### 15. Short-term loans

On July 31, 2015, the Company issued a US\$400,000 convertible note to a subsidiary of Tencent for a cash consideration of US\$400,000 ("Original Convertible Note") (See also Note 4(b)(ii)). The Original Convertible Note was issued at par, bearing a base interest rate of 5% per annum, with December 20, 2015 being the maturity date ("Original Maturity Date"). Pursuant to the note agreement, the Company was allowed to early repay the whole or any part of the principal amount of the note prior to the Original Maturity Date, without premium or penalty and Tencent shall have the right to convert all or portion of the outstanding loan amount into ordinary shares of the Company at a discount if the loan together with interest accrued is not paid on the Original Maturity Date.

On December 11, 2015, which was before the Original Maturity Date, the Company issued 4,267,344 Class A ordinary shares to Tencent to early repay US\$125,000 principal amount and settle the accrued interest of US\$7,288 of the Original Convertible Note. Also on the same date, the Company and Tencent entered into an amendment to the Original Convertible Note (the "Note Amendment"), pursuant to which the Original Convertible Note was replaced by a new convertible note (the "Amended Convertible Note") issued to Tencent. The principal amount of the Amended Convertible Note was US\$275,000, the interest rate was increased to 6% and the maturity date of the Amended Convertible Note was June 20, 2016.

The Company determined that the Note Amendment was accounted for as a debt modification, not a debt extinguishment because the changes of the cash flow before and after the Note Amendment were less than 10% pursuant to ASC 470-50-40-12. Therefore, interest expense for the period from July 31, 2015 to December 11, 2015 was recognized based on 5% per annum and principal amount of the Original Convertible Note, and subsequently, interest expense for the period from December 12, 2015 to December 31, 2015 was recognized based on 6% per annum and the reduced principal amount of the Amended Convertible Note.

The Company determined that the embedded features of the Original and Amended Convertible Note are not required to be bifurcated and accounted for as derivatives because they are neither assessed to be material nor are considered clearly and closely related to the economic characteristics and risks of the host debt contract pursuant to ASC 815-15-25-1(a) and ASC 815-15-25-42.

In April 2016, the Company early repaid the remaining US\$275,000 principal amount and settled the accrued interest of US\$5,063 of the Amended Convertible Note. Please see Note 25 subsequent event for detail.

#### 16. Accounts payable

The following is a summary of accounts payable:

|  | As of December 31, |         |
|--|--------------------|---------|
|  | 2014               | 2015    |
|  | US\$               | US\$    |
| Payable for advertisement fees                         | 8,978              | 81,197  |
| Rebate payable to sales agents                         | 1,691              | 10,397  |
| Payable related to purchases of property and equipment | 1,813              | 6,537   |
| Payable to group buying merchants                      | 3,228              | 1,064   |
| Others   | 319                | 2,440   |
| Total  | 16,029             | 101,635 |

#### 17. Accrued expenses and other current liabilities

The following is a summary of accrued expenses and other current liabilities:

|   | As of December 31, |         |
|---|--------------------|---------|
|   | 2014               | 2015    |
|   | US\$               | US\$    |
| Acquisition consideration payable                                     | —                  | 295,550 |
| Accrued office expenses   | 3,916              | 13,535  |
| Deposits from sales agents and others                                 | 2,179              | 6,413   |
| Accrued telecom and bandwidth fees                                    | 1,654              | 3,746   |
| Payable to employees for proceeds of selling their share-based awards | 651                | 3,255   |
| Accrued professional fees   | 1,079              | 2,604   |
| Government subsidy  | 456                | 1,833   |
| Payable to 58 Home service providers                                  | 1,812              | —       |
| Interest payable  | —                  | 904     |
| Others  | 1,324              | 8,061   |
| Total   | 13,071             | 335,901 |

#### 18. Fair value measurements

##### Measured on recurring basis

The Group measured its financial assets including cash equivalents, term deposits and short-term investments at fair value on a recurring basis as of December 31, 2014 and 2015. The following table sets forth the financial instruments, measured at fair value at recurring basis, by level within the fair value hierarchy:

| Financial instruments                 | Fair value hierarchy  | As of December 31, |        |
|---------------------------------------|---|--------------------|--------|
|                                       |   | 2014               | 2015   |
|                                       |   | US\$               | US\$   |
| Cash equivalents                      | Significant other observable inputs (Level 2)                 | 89,884             | 2,952  |
| Term deposits                         | Significant other observable inputs (Level 2)                 | 281,513            | —      |
| <b>Short-term investments:</b>        |   |                    |        |
| - Variable-rate financial instruments | Significant other observable inputs (Level 2)                 | 207,257            | 29,351 |
| - Available-for-sale securities       | Quoted Prices in Active Market for Identical Assets (Level 1) | 8,889              | 11,867 |

*Cash equivalents, term deposits and variable-rate financial instruments*

The Group measures cash equivalents, term deposits and variable-rate financial instruments at fair value based on the pervasive interest rates in the market, which are also the interest rates as stated in the contracts with the banks. The Group classifies the valuation techniques that use the pervasive interest rates input as Level 2 of fair value measurements. Generally there are no quoted prices in active markets for identical time deposits at the reporting date. In order to determine the fair value, the Group must use the discounted cash flow method and observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

*Available-for-sale securities*

The Group measures available-for-sale securities at fair value. As the available-for-sale securities are stocks of a public traded company, the Group determines the fair value of the available-for-sale securities according to the quoted market price at the end of each period. The Group classifies the valuation techniques as Level 1 of fair value measurement.

The following are other financial instruments not measured at fair value in the balance sheets but for which the fair value is estimated for disclosure purposes.

*Short-term receivables and payables*

Accounts receivable and prepaid expenses and other current assets are financial assets with carrying values that approximate fair value due to their short term nature. Accounts payable and accrued expenses and other current liabilities are financial liabilities with carrying values that approximate fair value due to their short term nature. The Group estimates fair values of short-term receivables and payables and classifies the valuation technique as Level 3 of fair value measurement, as it uses estimated cash flow input which is unobservable in the market.

*Non-current assets and non-current liabilities*

Non-current assets of receivables for rental deposits is a financial asset with carrying value that approximate fair value due to the change in fair value, after considering the discount rate, being immaterial. Accrued expenses and other liabilities, non-current portion is a financial liability with carrying value that approximate fair value due to the change in fair value, after considering the discount rate, being immaterial. The Group estimated fair values of non-current assets and non-current liabilities using the discounted cash flow method. The Group classifies the valuation technique as Level 3 of fair value measurement, as it uses estimated cash flow input which is unobservable in the market.

Measured on non-recurring basis

The Group's non-financial assets, such as long-term investments, intangible assets and goodwill would be measured at fair value only if they were determined to be impaired.

*Intangible assets and Goodwill*

The inputs used to measure the estimated fair value of goodwill are classified as Level 3 fair value measurement due to the significance of unobservable inputs used such as historical financial information and assumptions about future growth rates and discount rates, which require significant judgment and company-specific information.

### *Long-term investments*

As of December 31, 2014 and 2015, the Group had US\$23,784 and US\$391,261, respectively, long-term investments in equity securities of privately-held companies. Such investments are reviewed periodically for impairment using fair value measurement which requires significant unobservable inputs (Level 3). An impairment charge of US\$949 was recorded in the consolidated statements of comprehensive income/(loss) for the year then ended. No impairment charges were recorded for the years ended December 31, 2013 and 2014, respectively.

### **19. Income taxes**

The Company is registered in the Cayman Islands. The Company generated substantially all of its income/(loss) from its PRC operations for the years ended December 31, 2013, 2014 and 2015.

#### *Cayman Islands (“Cayman”)*

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gain. Additionally, upon payments of dividends to the shareholders, no Cayman Islands withholding tax will be imposed.

#### *British Virgin Islands (“BVI”)*

The Group is exempted from income tax in the BVI on its foreign-derived income. There are no withholding taxes in the BVI.

#### *Hong Kong*

Entities incorporated in Hong Kong are subject to Hong Kong profit tax at a rate of 16.5% since January 1, 2010. The operations in Hong Kong have incurred net accumulated operating losses for income tax purposes.

#### *PRC*

On March 16, 2007, the National People’s Congress of PRC enacted an Enterprise Income Tax Law (“EIT Law”), under which FIEs and domestic companies would be subject to EIT at a uniform rate of 25%. The EIT law became effective on January 1, 2008.

The EIT Law and its implementing rules also permit qualified “High and New Technology Enterprises” (“HNTE”) to enjoy a preferential enterprise income tax rate of 15% upon filing with relevant tax authorities. The qualification as a HNTE generally has a valid term of three years and the renewal of such qualification is subject to review by the relevant authorities in China. Beijing 58 and Wanglin obtained HNTE certificates in 2012 and were qualified as HNTE under the EIT Law. They enjoyed a preferential tax rate of 15% from 2012 to 2014 provided that they continue to be qualified as HNTE and have taxable income during such periods. In 2015, Beijing 58 and Wanglin renewed their HNTE certificates and are entitled to preferential tax rate of 15% from 2015 to 2017 as long as they continue to be qualified as HNTE during such periods.

In addition, qualified software enterprises are exempt from the enterprise income tax for two years beginning from their first profitable year and are entitled to a 50% tax reduction for the subsequent three years. The software enterprise qualification is subject to an annual assessment. Wanglin was determined as a software enterprise in July 2014. In April 2015, Wanglin was granted a two-year EIT exemption and a 50% reduction on its taxable income for the subsequent three years effective retroactively from January 1, 2014. As a qualified software enterprise, Wanglin is entitled to two-year tax holiday in 2014 and 2015 and a three-year 50% deduction on EIT rate in the subsequent years from 2016 to 2018. Wanglin prepaid income tax of approximately US\$1,194 in 2014 and received tax refund from local tax bureau in the second half of 2015.

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2008 onwards, enterprises engaging in research and development activities are entitled to claim 150% of the research and development expenses so incurred in a year as tax deductible expenses in determining its tax assessable profits for that year (“Super Deduction”). Wanglin, Beijing 58 and 58 Technology had claimed such Super Deduction in ascertaining its tax assessable profits for the years ended December 31, 2013, 2014 and 2015, respectively. In 2015, the Group’s newly acquired subsidiaries Shanghai Ruiting and Yangguang Gudi as well as its consolidated affiliated entities Leftbrain and Shanjing Kechuang also claimed Super Deduction in ascertaining their respective tax assessable profits.

The EIT Law also provides that an enterprise established under the laws of a foreign country or region but whose “de facto management body” is located in the PRC be treated as a resident enterprise for PRC tax purposes and consequently be subject to the PRC income tax at the rate of 25% for its global income. The Implementing Rules of the EIT Law merely define the location of the “de facto management body” as “the place where the exercising, in substance, of the overall management and control of the production and business operation, personnel, accounting, properties, etc., of a non-PRC company is located.” Based on a review of surrounding facts and circumstances, the Company does not believe that it is likely that its operations outside of the PRC should be considered a resident enterprise for PRC tax purposes.

The EIT Law also imposes a withholding income tax of 10% on dividends distributed by an FIE to its immediate holding company outside of China, if such immediate holding company is considered as a non-resident enterprise without any establishment or place within China or if the received dividends have no connection with the establishment or place of such immediate holding company within China, unless such immediate holding company’s jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. The Cayman Islands, where the Company was incorporated, does not have such tax treaty with China. According to the arrangement between Mainland China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion in August 2006, dividends paid by an FIE in China to its immediate holding company in Hong Kong will be subject to withholding tax at a rate of no more than 5% (if the foreign investor owns directly at least 25% of the shares of the FIE). Only a few entities including Wanglin had accumulated undistributed earnings while most of the other subsidiaries and VIEs were in accumulated loss positions as of December 31, 2015. There Group’s subsidiaries and VIEs had not declared any dividend to their respective parent companies and had determined that it had no plan to declare or pay any dividends to the parent companies out of the accumulated undistributed earnings as of December 31, 2015. Accordingly, no deferred income tax was accrued and required to be accrued as of December 31, 2015.

The provisions for income tax expenses are summarized as follows:

|                                | <b>For the Year ended December 31,</b> |             |             |
|--------------------------------|--|-------------|-------------|
|                                | <b>2013</b>                            | <b>2014</b> | <b>2015</b> |
| Current tax benefit/(expenses) | (4,148)                                | (8,147)     | 2,405       |
| Deferred tax benefit           | 4,148                                  | 1,961       | 5,547       |
| Income tax benefit/(expenses)  | —                                      | (6,186)     | 7,952       |

The following table sets forth reconciliation between the statutory EIT rate and the effective tax rate:

|                                      | <b>For the Year ended December 31,</b> |             |             |
|--------------------------------------|--|-------------|-------------|
|                                      | <b>2013</b>                            | <b>2014</b> | <b>2015</b> |
| Statutory income tax rates           | 25.0%                                  | 25.0%       | 25.0%       |
| Change in valuation allowance        | (21.3)%                                | 20.7%       | (14.0)%     |
| Permanent book-tax differences       | (3.7)%                                 | (9.9)%      | (15.4)%     |
| Reversal of deferred tax liabilities | —                                      | —           | 2.1%        |
| Effect of preferential tax treatment | —                                      | (14.3)%     | 5.2%        |
| Effective tax rate                   | 0%                                     | 21.5%       | 2.9%        |

#### *Deferred tax assets*

The following table sets forth the significant components of the aggregate deferred tax assets and liabilities:

|   | <b>As of December 31,</b> |             |
|---|---------------------------|-------------|
|   | <b>2014</b>               | <b>2015</b> |
|   | <b>US\$</b>               | <b>US\$</b> |
| <i>Deferred tax assets</i>                        |                           |             |
| Current:  |                           |             |
| Provision for doubtful receivables                | —                         | 916         |
| Accrued payroll and other expenses                | 7,069                     | —           |
| Less: valuation allowance                         | (7,069)                   | (830)       |
| Total current deferred tax assets, net            | —                         | 86          |
| Non-current:                                      |                           |             |
| Net operating loss carry forwards                 | 4,611                     | 20,849      |
| Advertising expenses in excess of deduction limit | 21,650                    | 63,939      |
| Others  | 45                        | —           |
| Less: valuation allowance                         | (26,306)                  | (84,788)    |
| Total non-current deferred tax assets, net        | —                         | —           |
| Total deferred tax assets, net                    | —                         | 86          |
| <i>Deferred tax liabilities</i>                   |                           |             |
| Non-current:                                      |                           |             |
| Acquired intangible assets                        | —                         | 66,238      |
| Total non-current deferred tax liabilities        | —                         | 66,238      |
| Total deferred tax liabilities                    | —                         | 66,238      |

The current deferred tax assets of US\$86 was included in the prepayments and other current assets of the consolidated balance sheets.

The non-current deferred tax liabilities of US\$66,238 as of December 31, 2015 were mainly related to the intangible assets acquired during business acquisition in 2015 as set out in Note 4.

As of December 31, 2015, the Group had net operating loss carry forwards of US\$126,314 which will expire during the period between December 31, 2016 and December 31, 2020. There is no expiration for the advertising expenses that were in excess of annual deduction limit and carried forward.

A valuation allowance is provided against deferred tax assets when the Group determines that it is more likely than not that the deferred tax assets will not be utilized in the future. In making such determination, the Group evaluates a variety of factors including the Group's operating history, accumulated deficit, existence of taxable temporary differences and reversal periods.

The Group has incurred net accumulated operating losses for income tax purposes since its inception. The Group believes that it is more likely than not that most of these net accumulated operating losses and other deferred tax assets will not be utilized in the future except for US\$86 deferred tax assets recognized as of December 31, 2015. Therefore, the Group had provided valuation allowances of US\$27,457, US\$33,375 and US\$85,618 for the deferred tax assets as of December 31, 2013, 2014 and 2015, respectively.

#### *Movement of valuation allowance*

|                                    | <b>For the years ended December 31,</b> |               |               |
|------------------------------------|---|---------------|---------------|
|                                    | <b>2013</b>                             | <b>2014</b>   | <b>2015</b>   |
|                                    | <b>US\$</b>                             | <b>US\$</b>   | <b>US\$</b>   |
| Balance at beginning of the period | 30,580                                  | 27,457        | 33,375        |
| Provision                          | 1,740                                   | 12,304        | 70,044        |
| Current period reversal            | (4,863)                                 | (6,386)       | (17,801)      |
| Balance at the end of the period   | <u>27,457</u>                           | <u>33,375</u> | <u>85,618</u> |

The current period reversal of valuation allowance is primarily attributed to the utilization of net operating losses and deductible advertising expenses carried forward from prior years.

As of December 31, 2015, the tax years ended December 31, 2011 through 2015 of the Company's PRC subsidiaries and the affiliated PRC entities are subjected to examination by the PRC tax authorities.

## **20. Preference shares**

The Group did not authorize or issue any preference shares before 2010. Immediately prior to the IPO, the Group's preference shares comprised the following:

| Series | Date of Issuance             | Issue Price<br>Per Share<br>US\$ | Redemption Price<br>Per Share<br>US\$ | Shares     |                           | Carrying<br>Amount<br>US\$ |
|--------|------------------------------|----------------------------------|---------------------------------------|------------|---------------------------|----------------------------|
|        |                              |                                  |                                       | Authorized | Issued and<br>Outstanding |                            |
|        |                              |                                  |                                       | A          | March 2010                |                            |
| A-1    | March 2010                   | 0.53                             | 0.53                                  | 19,047,620 | 19,047,620                | 13,293                     |
| B      | December 2010                | 1.79                             | 1.79                                  | 26,247,412 | 25,210,084                | 56,910                     |
| B      | March 2011                   | 2.03                             | 2.03                                  | 26,247,412 | 1,037,328                 | 2,430                      |
| B-1    | August and<br>September 2011 | 3.608                            | 3.608                                 | 15,243,000 | 15,242,995                | 66,152                     |

All of the preference shares were automatically converted to ordinary shares upon the Group's IPO.

Prior to their automatic conversion to ordinary share upon the Group's IPO, the preference shares were entitled to certain preferences with respect to conversion, redemption, dividends and liquidation. The holders of Preference Shares were entitled to vote together with the holders of ordinary shares, and not as a separate class, on all matters put before the shareholders of the Group, on an as-if-converted basis.

The Group determined that conversion and redemption features embedded in the preference shares were not required to be bifurcated and accounted for as a derivative. The Group also determined that there was no beneficial conversion feature attributable to any of the preference shares because the initial effective conversion prices of these preference shares were higher than the fair value of the Group's ordinary shares determined by the Group with the assistance from an independent valuation firm.

## **21. Ordinary shares**

The Company was incorporated in the Cayman Islands in May 2011. The Company is authorized to issue a maximum of 5,000,000,000 shares with a par value of US\$0.00001 per share, comprised of 4,912,433,396 ordinary shares and 87,566,604 Preference Shares.

On August 30, 2013, the Group's Board of Directors approved that the Group redesign the share capital and adopt a dual class ordinary share structure immediately upon the completion of IPO. Upon completion of the Group's IPO on November 5, 2013, the Company's shares were divided into Class A ordinary shares and Class B ordinary shares, at par value of US\$0.00001. Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. Holders of Class A ordinary shares are entitled to one vote per share, while holders of Class B ordinary shares are entitled to ten votes per share, voting together as one class on all matters subject to a shareholders' vote. All of the outstanding ordinary shares prior to this offering were redesignated as Class B ordinary shares and all of the outstanding preference shares were automatically re-designated or converted into Class B ordinary shares on a one-for-one basis immediately upon the completion of the IPO.

As a result of the Group's follow-on offering on April 1, 2014, the Company issued and sold 2,000,000 ADSs and the selling shareholders sold an aggregate of 4,000,000 ADSs and 900,000 additional ADSs for the overallotment at the price of US\$38.00 per ADS.

On June 30, 2014, Tencent purchased 36,805,000 ordinary shares from the Company at a purchase price of US\$40.00 per ADS. The Group used part of the proceeds from this transaction to repurchase an aggregate of 27,603,750 ordinary shares from existing pre-IPO shareholders at the price of US\$40.00 per ADS.

On March 2, 2015, the Group completed the acquisition of 100% equity interest of Anjuke. Total consideration for this acquisition consisted of 4,839,372 newly issued ordinary shares and 248,216 fully vested RSUs of the Company and US\$160,198 in cash (See Note 4(a)).

On April 17, 2015, the Company entered into an investment agreement with a subsidiary of Tencent, pursuant to which Tencent purchased 15,384,616 newly issued ordinary shares of the Company for an aggregate cash consideration of US\$400,000.

On April 20, 2015, the Company applied the whole US\$400,000 proceeds from Tencent, together with additional cash from the Company of US\$12,237 and 34,039,136 newly issued ordinary shares of the Company, to acquire less than 50% equity interest in Ganji as mentioned in the "Transaction (i)" (See Note 4(b)(i)).

On August 6, 2015, the Company committed cash of US\$406,673 and 46,505,912 newly issued ordinary shares of the Company, to several private equity funds of which 46,505,912 ordinary shares and US\$272,396 cash were contributed to the funds in August 2015. These funds acquired the remaining equity interest in Ganji with Tencent (See Note 4(b)(ii)).

On December 11, 2015, the Company issued 4,267,344 Class A ordinary shares to Tencent to early repay US\$125,000 principal amount and settle the accrued interest of US\$7,288 of the Original Convertible Note. (See Note 15(a)).

As of December 31, 2015, 4,800,000,000 Class A ordinary shares and 200,000,000 Class B ordinary shares were authorized, 283,068,677 ordinary shares were issued and outstanding, of which 219,413,764 were Class A ordinary shares and 63,654,913 were Class B ordinary shares.

## 22. Share-based compensation

In March 2010, the Group authorized an employment-related stock incentive plan (the "2010 Plan"). The 2010 Plan will terminate automatically 10 years after its adoption, unless terminated earlier at the Group's shareholders' approval. According to the resolutions of the Board of Directors of the Group in April, November 2011 and January 2013, the number of ordinary shares available for issuance under the 2010 Plan was increased to 20,173,225. The majority of options granted under 2010 plan were to be vested over three or four years, one fourth (1/4) of which shall vest and become exercisable upon the first anniversary of the date of grant and the remaining shall vest monthly thereafter in 24 or 36 equal monthly installments.

The Group adopted a share incentive plan (the "2013 Plan") on September 26, 2013. The 2013 Plan will terminate automatically 10 years after its adoption, unless terminated earlier at the Group's shareholders' approval. The maximum aggregate number of shares which may be issued pursuant to all awards under the 2013 Plan is 2,800,000 shares as of the date of its adoption. The number of shares reserved for future issuances under the 2013 Plan will be increased by a number equal to 1.5% of the total number of outstanding shares on the last day of the immediately preceding calendar year, on the first day of each calendar year during the term of the 2013 Plan beginning in 2015, or such lesser number of ordinary shares as determined by the Board of Directors. According to the resolutions of the Board of Directors of the Group in April and December 2015, the number of ordinary shares available for issuance under the 2013 Plan was increased to 13,686,128. The options and RSUs granted under the 2013 Plan were to be vested over 3-5 years, the majority of which shall have one fourth (1/4) vested and exercisable upon the first anniversary of the date of grant and the remaining shall vest every six months thereafter in equal installments.

As of December 31, 2015, the Group has reserved 709,241 ordinary shares available to be granted as share-based awards.

A summary of the Group's share option activities for the years ended December 31, 2013, 2014 and 2015 is presented below:

|   | Number of<br>Options | Weighted<br>Average<br>Exercise<br>Price<br>US\$ | Weighted<br>Average<br>Remaining<br>Contractual<br>Life<br>In years | Aggregate<br>Intrinsic<br>Value<br>US\$ |
|---|----------------------|--|---|---|
| <b>Outstanding as of December 31, 2012</b>                | 6,965,477            | 1.40   | 8.36  | 7,504                                   |
| Granted   | 3,833,000            | 3.07   |   |   |
| Forfeited and expired                                     | (520,030)            | 2.21   |   |   |
| Exercised   | (431,774)            | 1.16   |   | 7,778                                   |
| <b>Outstanding as of December 31, 2013</b>                | 9,846,673            | 2.02   | 8.14  | 168,870                                 |
| Granted   | 721,600              | 18.20  |   |   |
| Forfeited and expired                                     | (388,260)            | 4.08   |   |   |
| Exercised   | (3,391,943)          | 0.98   |   | 67,128                                  |
| <b>Outstanding as of December 31, 2014</b>                | 6,788,070            | 4.14   | 7.75  | 112,925                                 |
| Granted   | 1,638,600            | 20.72  |   |   |
| Forfeited and expired                                     | (279,626)            | 7.22   |   |   |
| Exercised   | (1,118,334)          | 3.10   |   | 27,785                                  |
| <b>Outstanding as of December 31, 2015</b>                | 7,028,710            | 8.05   | 7.43  | 175,250                                 |
| Exercisable as of December 31, 2015                       | 3,699,502            | 3.04   | 6.34  | 110,765                                 |
| Fully vested and expected to vest as of December 31, 2015 | 23,180,916           |  |   |   |

The weighted average grant date fair value of options granted for the years ended December 31, 2013, 2014 and 2015 was US\$2.90, US\$11.43 and US\$12.05 per share, respectively.

During 2012 and 2013, some employees voluntarily left the Group and exercised their vested share options in exchange for future entitlement of the Group's shares issuable after completion of the Group's IPO and upon the request of these former employees. The proceeds from the exercise of these options cannot be refunded to the former employees in any event, including the Group failed to complete an IPO. Accordingly, these share options are considered to be exercised and contingently issuable upon the completion of the Group's IPO. And the proceeds received have been included in additional paid-in capital of the Group and disclosed in the consolidated statement of changes in shareholders' equity/deficit for the years ended December 31, 2012 and 2013, respectively. The Group completed its IPO on November 5, 2013 and the 905,325 contingently issuable shares have been issued to the former employees after the 180-day lock-up period.

There were no RSUs granted before 2014. The following table sets forth the summary of RSUs activities for the year ended December 31, 2014 and 2015:

|   | <u>Number of<br/>RSUs</u> | <u>Weighted<br/>Average<br/>Remaining<br/>Contractual<br/>Life<br/>In years</u> | <u>Weighted<br/>Average<br/>Grant Date<br/>Fair Value<br/>US\$</u> |
|---|---------------------------|---|--|
| <b>Unvested as of December 31, 2013</b> | —                         | —   |  |
| Granted                                 | 948,600                   |   | 21.10  |
| Forfeited                               | (54,000)                  |   |  |
| Vested                                  | —                         |   |  |
| <b>Unvested as of December 31, 2014</b> | <u>894,600</u>            | <u>9.62</u>   |  |
| Granted                                 | 10,369,278                |   | 25.69  |
| Forfeited                               | (527,274)                 |   |  |
| Vested <sup>(1)</sup>                   | (4,963,116)               |   |  |
| <b>Unvested as of December 31, 2015</b> | <u>5,773,488</u>          | <u>9.51</u>   |  |

*Note:*

(1) In March 2015, in connection with the acquisition of Anjuko, the Company issued 248,216 fully vested RSUs of the Company to former Anjuko's employees as part of the share consideration. In August 2015, in connection with our strategic investment in Ganji, the Company issued 4,449,002 fully vested RSUs of the Company to former Ganji's employees as part of the share consideration.

In February 2015, 58 Home, a subsidiary of the Group, adopted its 2015 Share Incentive Plan, or the 58 Home 2015 Plan. The maximum aggregate number of shares which may be issued pursuant to all awards under the 58 Home 2015 Plan is 20,000,000 ordinary shares of 58 Home. The 58 Home 2015 Plan permits the awards of options, restricted shares and restricted share units. Unless terminated earlier, the 58 Home 2015 Plan will terminate automatically in 2025. In connection with the Series A round of equity financing closed on November 27, 2015, the maximum aggregate number of shares which may be issued under the 58 Home 2015 Plan was increased by 2,000,000 ordinary shares of 58 Home.

A summary of the 58 Home's share option activities for the years ended December 31, 2015 is presented below:

|  | Number of<br>Options | Weighted<br>Average<br>Exercise<br>Price<br>US\$ | Weighted<br>Average<br>Remaining<br>Contractual<br>Life<br>In years | Aggregate<br>Intrinsic<br>Value<br>US\$ |
|--|----------------------|--|---|---|
| <b>Outstanding as of December 31, 2014</b> | —                    |  |   |   |
| Granted                                    | 8,921,000            | 0.11   |   |   |
| Forfeited                                  | (979,000)            | 0.13   |   |   |
| <b>Outstanding as of December 31, 2015</b> | <u>7,942,000</u>     | <u>0.11</u>                                      | <u>8.99</u>   | <u>22,780</u>                           |

In February 2015, 58 Home granted 9,100,000 RSs to selected management members of 58 Home. In April 2015, 58 Home further granted 1,880,000 RSs to a senior management member of the Company under the 58 Home 2015 Plan. All of these RSs were fully vested on the respective grant dates. Share-based compensation expense amounted to US\$1,978 was recognized during the year ended December 31, 2015 with respect to the grant of the RSs. These holders of RSs are referred to as "noncontrolling interests" of 58 Home. Please see Note 5 for details.

The weighted average grant date fair value of options granted for the year ended December 31, 2015 was US\$0.15 per share.

Valuation Assumptions: The Group estimated the fair value of share options using the Binominal option-pricing model with the assistance from an independent valuation firm.

The fair value of each option grant under the 2013 Plan was estimated on the date of grant with the following assumptions:

|   | 2013            | 2014          | 2015          |
|---|-----------------|---------------|---------------|
| Expected volatility   | 54.10% - 59.10% | 50.80%-53.30% | 48.50%-49.00% |
| Risk-free interest rate (per annum)                                     | 2.03% - 3.10%   | 3.01%-3.73%   | 2.67%-2.76%   |
| Exercise multiple   | 2               | 2             | 2-2.8         |
| Expected dividend yield   | 0.00%           | 0.00%         | 0.00%         |
| Expected term (in years)  | 10              | 10            | 10            |
| Expected forfeiture rate (post-vesting)                                 | 1.00% - 3.30%   | 0.30%-0.40%   | 0.17%-0.25%   |
| Fair value of the underlying shares on the date of option grants (US\$) | 2.48 - 8.50     | 19.26-22.95   | 10.93-24.85   |

The fair value of each option grant under the 58 Home 2015 Plan was estimated on the date of grant with the following assumptions:

|   | 2015          |
|---|---------------|
| Expected volatility   | 59.40%-60.00% |
| Risk-free interest rate (per annum)                                     | 2.46%-2.63%   |
| Exercise multiple   | 2-2.8         |
| Expected dividend yield   | 0.00%         |
| Expected term (in years)  | 10            |
| Expected forfeiture rate (post-vesting)                                 | 0.25%         |
| Fair value of the underlying shares on the date of option grants (US\$) | 0.10-0.27     |

The Group estimated the risk free rate based on the yield to maturity of US treasury bonds denominated in US\$ at the option valuation date. The exercise multiple is estimated as the ratio of fair value of underlying shares over the exercise price as at the time the option is exercised, based on a consideration of research study regarding exercise pattern based on historical statistical data. Expected term is the contract life of the option. The expected volatility at the date of grant date and each option valuation date was estimated based on the historical stock prices of comparable companies. The Group has never declared or paid any cash dividends on its capital stock, and the Group does not anticipate any dividend payments on its ordinary shares in the foreseeable future.

Share-based compensation expenses for the share-based awards which are based on service conditions are recognized using the straight-line attribution approach.

For the years ended December 31, 2013, 2014 and 2015, the Group recognized share-based compensation expenses of US\$2,865, US\$6,173 and US\$28,060, respectively for share options and RSUs granted.

As of December 31, 2015, there was a total of US\$135,174 of total unrecognized compensation expenses, adjusted for estimated forfeitures, related to non-vested share-based compensation arrangement under the 2010 and 2013 Plan. The expense is expected to be recognized over a weighted average period of 3.69 years. Total unrecognized compensation expenses may be adjusted for future changes in estimated forfeitures.

### 23. Income/(loss) per share

The following table sets forth the computation of basic and diluted net income/(loss) per share for the periods indicated:

|   | <b>As of December 31,</b> |               |                  |
|---|---------------------------|---------------|------------------|
|   | <b>2013</b>               | <b>2014</b>   | <b>2015</b>      |
| <b>Numerator:</b>   |                           |               |                  |
| Net income/(loss).  | 19,557                    | 22,644        | (262,956)        |
| Add: Net loss attributable to noncontrolling interests  | —                         | —             | 12,920           |
| Series A-1 Preference Shares accretions   | (858)                     | —             | —                |
| Series B Preference Shares accretions   | (3,831)                   | —             | —                |
| Series B-1 Preference Shares accretions   | (4,445)                   | —             | —                |
| Income allocation to participating preference shares  | (1,230)                   | —             | —                |
| Deemed dividend to mezzanine classified noncontrolling interests  | —                         | —             | (898)            |
| <b>Numerator for basic and diluted net income/(loss) per share</b>  | <b>9,193</b>              | <b>22,644</b> | <b>(250,934)</b> |
| <b>Denominator:</b>   |                           |               |                  |
| Weighted average number of ordinary shares used in computing net income/(loss) per share—basic                | 63,717,007                | 168,589,273   | 234,811,986      |
| Weighted average number of ordinary shares used in computing net income/(loss) per share—diluted              | 69,159,524                | 174,024,997   | 234,811,986      |
| Net income/(loss) per ordinary share attributable to ordinary shareholders - basic                            | 0.14                      | 0.13          | (1.07)           |
| Net income/(loss) per ordinary share attributable to ordinary shareholders - diluted                          | 0.13                      | 0.13          | (1.07)           |
| Net income/(loss) per ADS attributable to ordinary shareholders-basic (1 ADS represents 2 ordinary shares)    | 0.29                      | 0.27          | (2.14)           |
| Net income/(loss) per ADS attributable to ordinary shareholders -diluted (1 ADS represents 2 ordinary shares) | 0.27                      | 0.26          | (2.14)           |

Basic net income/(loss) per share is computed using the weighted average number of the ordinary shares outstanding during the period. Diluted net income/(loss) per share is computed using the weighted average number of ordinary shares and dilutive ordinary share equivalents outstanding during the period. Class A and Class B ordinary shares are considered the same for the purposes of EPS calculation as they have identical earnings rights and preferences. For the year ended December 31, 2013 and 2014, options to purchase ordinary shares included in the calculation of diluted net income per share totaled 4,742,442 and 5,435,724, respectively. For the year ended December 31, 2015, options to purchase ordinary shares that were anti-dilutive and excluded from the calculation of diluted net loss per share totaled 7,851,775 on a weighted average basis.

Before 2013, certain employees left the Group and exercised their vested share options. Due to certain legal restrictions in China, upon the Group's initial public offering, the Group issued 905,325 contingently issuable shares related to the exercise. The contingently issuable shares have been issued to these ex-employees after the expiration of the 180-day lock-up period upon the completion of the initial public offering without any further consideration paid. For the year ended December 31, 2013, the contingently issuable shares included in the calculation of diluted net income per share were 700,075.

The proceeds from the above option exercises were US\$557 in 2013, which were recorded in additional paid-in capital. The contingently issuable shares are not included in the computation of basic net income/(loss) per share as the holders do not participate in any voting and dividend rights until the shares are actually issued, but is included in the dilutive ordinary equivalent shares using if-converted method as the conditions for issuance have been satisfied.

## 24. Commitments and contingencies

### (a) Commitments

The Group leases its facilities and offices under non-cancelable operating lease agreements. The rental expenses were US\$5,253, US\$8,511 and US\$29,834 during the years ended December 31, 2013, 2014, and 2015, respectively, and were charged to the statement of comprehensive income/(loss) when incurred.

Certain of these arrangements have renewal or expansion options and adjustments for market provisions, such as free or escalating base monthly rental payments. The Group recognizes rental expense under such arrangements on the straight-line basis over the initial term of the lease. The difference between the straight-line expense and the cash paid for rent was recorded as prepaid rent.

The Group used third party services for server custody and bandwidth. The contracts are typically 12 months in duration. The Group typically contracts these services according to the traffic level of its online marketplace and the respective server storage and bandwidth required to support the traffic.

The Group engaged third parties for promoting its brand image through various advertising channels, including advertising on internet search engines, websites and other traditional off-line media. The amount of advertising commitments relates to the committed advertising services that have not been delivered and paid.

As of December 31, 2015, future minimum commitments under non-cancelable agreements were as follows:

|  | <u>2016</u>    | <u>2017</u>   | <u>2018</u>   | <u>2019</u>  | <u>2020</u> | <u>Thereafter</u> | <u>Total</u>   |
|--|----------------|---------------|---------------|--------------|-------------|-------------------|----------------|
|  | US\$           | US\$          | US\$          | US\$         | US\$        | US\$              | US\$           |
| Operating lease commitments                  | 20,047         | 15,176        | 10,437        | 2,477        | 316         | 602               | 49,055         |
| Server custody and bandwidth fee commitments | 3,240          | 2,026         | 1,182         | —            | —           | —                 | 6,448          |
| Advertising commitments                      | 150,165        | —             | —             | —            | —           | —                 | 150,165        |
| Amended Convertible Note issued to Tencent   | 283,679        | —             | —             | —            | —           | —                 | 283,679        |
| <b>Total</b>                                 | <u>457,131</u> | <u>17,202</u> | <u>11,619</u> | <u>2,477</u> | <u>316</u>  | <u>602</u>        | <u>489,347</u> |

Other than those shown above, the Group did not have any significant capital and other commitments, long-term obligations, or guarantees as of December 31, 2015.

### (b) Contingencies

From time to time, the Group is involved in claims and legal proceedings that arise in the ordinary course of business. Based on currently available information, management does not believe that the ultimate outcome of these unresolved matters, individually and in the aggregate, is likely to have a material adverse effect on the Group's financial position, results of operations or cash flows. However, litigation is subject to inherent uncertainties and the Group's view of these matters may change in the future. When an unfavorable outcome to occur, there exists the possibility of a material adverse impact on the Group's financial position and results of operations for the periods in which the unfavorable outcome occurs, and potentially in future periods.

## 25. Subsequent events

In February 2016, the Group granted 152,240 RSUs to its employees under the 2013 Share Incentive Plan.

Guazi closed a new US\$204,500 round of equity financing with participation from a number of globally recognized institutional investors in Marc. The Company converted the Guazi Convertible Note into preference shares of Guazi.

The Company obtained a secured interest-bearing loan of US\$275,000 from China Merchants Bank Co., Ltd. in April 2016. Pursuant to the loan repayment schedule, US\$167,500 out of the US\$275,000 principal amount will be repaid before December 31, 2016 and the remaining US\$107,500 will be due on April 21, 2017. The Company used the proceeds from this loan to early repay the principal of the Amended Convertible Note borrowed from Tencent. The Amended Convertible Note and the accrued interest have been fully paid off in April 2016.

## 26. Restricted net assets

PRC laws and regulations permit payments of dividends by the Company's subsidiaries, the VIEs and VIEs' subsidiaries incorporated in the PRC only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. In addition, the Company's subsidiaries, the VIEs and VIEs' subsidiaries incorporated in the PRC are required to annually appropriate 10% of their net after-tax income to the statutory general reserve fund prior to payment of any dividends, unless such reserve funds have reached 50% of their respective registered capital. As a result of these and other restrictions under PRC laws and regulations, the Company's subsidiaries, the VIEs and VIEs' subsidiaries incorporated in the PRC are restricted in their ability to transfer a portion of their net assets to the Company either in the form of dividends, loans or advances, which restricted portion amounted to US\$171,566 and US\$228,557 as of December 31, 2014 and 2015, respectively. Even though the Company currently does not require any such dividends, loans or advances from the PRC entities for working capital and other funding purposes, the Company may in the future require additional cash resources from them due to changes in business conditions, to fund future acquisitions and development, or merely to declare and pay dividends or distributions to its shareholders. Except for the above, there is no other restriction on the use of proceeds generated by the Company's subsidiaries, the VIEs and VIEs' subsidiaries to satisfy any obligations of the Company.

The Group performed a test on the restricted net assets of its consolidated subsidiaries, the VIEs and VIEs' subsidiaries (the "restricted net assets") in accordance with Securities and Exchange Commission Regulation S-X Rule 4-08 (e) (3), "General Notes to Financial Statements" and concluded that the restricted net assets did not exceed 25% of the consolidated net assets of the Group as of December 31, 2015.

(Summary Translation)

**Cooperation Agreement**

**for**

**The Project of Block A1, IT Industrial Park of Electronics Zone**

Beijing Electronics Zone Investment and Development Co., Ltd.

Beijing Chengshi Wanglin Information Technology Co., Ltd.

September 25, 2014

Beijing

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Party A: Beijing Electronics Zone Investment and Development Co., Ltd.  
Postal Address: Building 205, Jia No. 10 Yard, North Jiuxianqiao Road, Chaoyang District,  
Beijing  
Zip Code: 100015  
Business License Registration No.: 110000005030270  
Legal Representative or Person in Charge: Wang Yan  
Tel: 010-58833501

Party B: Beijing Chengshi Wanglin Information Technology Co., Ltd.  
Postal Address: Suite E, North America International Business Center, Yi No. 108 Beiyuan  
Road, Chaoyang District, Beijing  
Zip Code: 1000010  
Business License Registration No.: 110000450129310  
Legal Representative or Person in Charge: Yao Jinbo  
Tel: 010-51395858

## WHEREAS

- 1 The number of the Certificate for Use of the State-owned Land of the land located in Zone A of the IT Industrial Park in the Electronics Zone with an area of 69,122.42 square meters (area for exclusive use) is Jing Chao Guo Yong (2008 Chu) No. 0108; the purpose of the land specified therein is for industrial use, and the land use right will expire on December 7, 2056. Such land use right of the State-owned land and the projects being constructed thereon that already obtained by Party A are all free of any mortgage, litigation, arbitration or any other legal proceedings; the buildings are originally planned to serve as the purpose of industrial facilities, and is currently under planning adjustment, and Party A will carry out the construction subject to the planning approval and construction drawings.
- 2 After a full understanding of the relevant details of construction and situation of the IT Industrial Park of Zhongguancun Electronics Zone, Party B decides to purchase Block 1, Zone A of the IT Industrial Park and will perform the relevant admittance approval procedures according to the admittance conditions of Zhongguancun Electronics Zone, and further undertakes that after the entry, it will move its registered address and tax source to IT Industrial Park of Zhongguancun Electronics Zone as soon as practicable and will not change the intended purpose of the building.

In accordance with the relevant laws and regulations and on the basis of equal, voluntary and fair negotiations, Party A and Party B hereby agree as follows in connection with the matters of their cooperation:

### **Article 1 Target Building**

#### 1.1. Scope of the Target Building

The target building in this Agreement refers to Block 1, Zone A, Jia No. 10 Yard, North Jiuxianqiao Road, Chaoyang District, Beijing, the main structure of which is frame structure; the building has two floors underground and seven floors above ground, with the total floor area temporarily estimated as approximately 28,169.29 square meters, of which the floor area above ground is approximately 21,405.97 square meters and the floor area underground is approximately 6,763.32 square meters (Note: the areas provided in this paragraph are estimated areas, and the final figures shall be subject to the surveying and mapping report after the completion.)

1.2. Confirmation on Area of the Target Building

The Parties agree to confirm the areas on the basis of the floor area, and the actual aggregate floor area shall be subject to the area confirmed in the surveying and mapping report. If the absolute value of the error ratio in respect of the total floor area falls within 3% (included), the price will be settled based on the actual area and at the price agreed herein; if the actual total floor area is larger than the estimated floor area agreed herein, the part of the price corresponding to the area exceeding 3% error ratio shall be borne by Party A, and such area in excess shall be owned by Party B; if the actual total floor area is smaller than the estimated floor area agreed herein, the part of the price corresponding to the area exceeding 3% error ratio shall be refunded by Party A to Party B in double amount.

**Article 2 Price of Target Building and Payment Schedule**

2.1. Calculation Method for the Price of the Target Building:

The Parties acknowledge that the transaction price of the target building shall be calculated on the basis of RMB23,000 (twenty-three thousand) per square meter for the total floor area.

2.2. Estimated Price of the Target Building

According to the estimated calculation of the floor area provided in Article 1 hereof, the estimated basic price payable by Party B to Party A for purchase of the target building shall be RMB647,893,670 (i.e. six hundred and forty-seven million eight hundred and ninety-three thousand six hundred and seventy) (hereinafter referred to as the “**Estimated Total Price**”). The final price shall be adjusted and settled as agreed in Article 1.2 by refunding the amounts in excess and making up for the shortfall.

2.3. Payment Schedule

Party B will pay the full amount of the Estimated Total Price to Party A in several instalments according to the following schedule:

- 2.3.1. within 20 working days after this Agreement takes effect, Party B will pay 10% of the Estimated Total Price to Party A, i.e. RMB 64,789,367 (sixty-four million seven hundred and eighty-nine thousand three hundred and sixty-seven);
- 2.3.2. prior to September 30, 2015, Party B will pay 40% of the Estimated Total Price to Party A, i.e. RMB 259,157,468 (two hundred and fifty-nine million one hundred and fifty-seven thousand four hundred and sixty-eight);
- 2.3.3. prior to December 31, 2015, Party B will pay 50% of the Estimated Total Price to Party A, i.e. RMB 323,946,835 (three hundred and twenty-three million nine hundred and forty-six thousand eight hundred and thirty-five);

**Article 3 Delivery of Target Building**

- 3.1. Party A shall complete the construction, inspection and acceptance of the target building no later than December 31, 2015. Party A shall deliver the building to Party B after Party B has made full payment of the entire Estimated Total Price.

**Article 4 Ownership Certificate**

- 4.1. Party A acknowledges that after the target building has been delivered to Party B and the handover procedures in respect thereof have been completed pursuant to Article 3, and after Party B has paid up the full price for purchase of the building in the amount adjusted pursuant to Article 2.2 hereof, Party A shall have the obligation to complete the procedures for the Building Ownership Certificate within 2 years after Party B has provided all relevant materials that should be provided by it and paid up all relevant taxes and fees.
- 4.2. Both Parties agree to bear any taxes and expenses incurred arising from the handling of the building ownership certificate according to relevant regulations of the State.
- 4.3. Given that the building is located within the Technical Park of Zhongguancun Electronics Zone, Party B shall not transfer the building in principle according to the relevant regulations; in case of a transfer, Party A shall have a pre-emptive buyback right under the equivalent conditions, unless in cases where such regulations are invalidated at the time of transfer.

**Article 5 Liabilities for Breach**

- 5.1. Principles

The Parties shall enjoy the rights and perform the obligations provided hereunder under the principles of honesty and good faith. In cases of any default, the defaulting Party shall assume the liabilities for breach and pay a penalty fine to the non-defaulting Party. If there is an express provision governing the percentage of the penalty fine, such provision shall prevail. In case both Parties are in breach, the Parties shall undertake their respective liabilities according to their respective degree of fault or level of responsibilities.

In case of breach by any Party, the non-defaulting Party shall be entitled to require the defaulting Party to rectify such breach. The legal liabilities thus brought about shall be assumed by the defaulting Party.

- 5.2. Party A's Liabilities for Breach

If Party A fails to perform its own obligations within the period agreed herein, the following provisions shall prevail:

- 5.2.1. If Party A fails to deliver the target building to Party B by June 30, 2016 as required in Article 3.1 and Exhibit 2 for reasons attributable to Party A, Party A shall pay 0.01% of the price already paid by Party B as penalty for each day of delay. In case such delay lasts over 90 days, Party B shall be entitled to terminate this Agreement, in which case Party A shall refund all paid amounts to Party B within 30 days upon the date of the termination notice, and pay 0.01% of the paid amounts as penalty to Party B for each day of delay. If Party B elects not to terminate this Agreement, Party A shall pay 0.01% of the paid amounts as penalty to Party B for each day during the period starting from the day immediately following the due delivery date agreed herein and ending on the actual delivery date, and this Agreement shall continue to be performed.
- 5.2.2. If Party A fails to make the initial registration for Party B within the agreed time limit, or fails to go through the procedures of the Building Ownership Certificate for reasons attributable to Party A, Party A shall pay 0.01% of the price already paid by Party B as penalty for each day of delay. In case such delay lasts over 90 days, Party B shall be entitled to terminate this Agreement, in which case Party A shall refund all paid amounts to Party B within 30 days upon the date of the termination notice, and pay 0.01% of the paid amounts as penalty to Party B for each day during the period starting from the day on which the procedures for the ownership certificate should be completed and ending on the date of refunding.
- 5.2.3. Except as agreed herein, Party A undertakes that it will not resell the building to others and that the target building is free of any security interest, failing to comply with which Party A has to pay Party B a penalty fine equivalent to 30% of the Estimated Total Price hereunder, and the performance of this Agreement may be continued at the election of Party B.
- 5.3. Party B's Liabilities for Breach
- If Party B fails to perform its own obligations within the period agreed herein, the following provisions shall prevail:
- 5.3.1. Party A shall be entitled to unilaterally terminate this Agreement if Party B fails to pay the first instalment of the Estimated Total Price to Party A as agreed herein.
- 5.3.2. In case the payment is delayed for less than 90 days for reasons attributable to Party B, Party B shall pay 0.01% of the outstanding and payable amounts as penalty to Party B for each day during the period starting from the day immediately following the due payment date agreed herein and ending on the actual full payment date, and this Agreement shall continue to be performed.
- 5.3.3. In case the delay in payment lasts over 90 days for reasons attributable to Party B, Party A shall be entitled to terminate this Agreement and resell the building contemplated hereunder to any third person, in which case Party B shall pay 0.01% of the outstanding and payable amounts as penalty to Party A for each day of delay, and Party A shall refund the remaining paid amounts after deducting such penalty fine. If Party A elects not to terminate this Agreement, Party B shall pay 0.01% of the outstanding and payable amounts as penalty to Party A for each day during the period starting from the day immediately following the due payment date of such outstanding amounts agreed herein and ending on the actual payment date, and this Agreement shall continue to be performed.

- 5.4. Except for the right of unilateral termination exercisable by the Parties pursuant to this Agreement, neither Party may terminate this Agreement without justified reasons, and either Party that terminates this Agreement for reasons not stipulated by the law or agreed herein shall pay a penalty fine equivalent to 30% of the Estimated Total Price to the non-defaulting Party. However, neither Party may terminate this agreement by applying this paragraph after the other Party has performed the primary obligations hereunder. The primary obligations mentioned in this paragraph, with respect to Party A, shall mean the obligations to deliver the building and complete the procedures for ownership transfer, and with respect to Party B, shall mean the obligation to pay the Estimated Total Price of the building.
- 5.5. If either Party is required to refund amounts and/or pay penalty fine to the other Party for its default pursuant to this Agreement, the defaulting Party shall refund the amounts as agreed and pay the penalty fine within 30 days upon the delivery of the written notice by the non-defaulting Party to the defaulting Party, failing to do which the defaulting Party shall pay 0.01% of the Estimated Total Price for each day during the period from the day on which the penalty fine should be paid to the day on which the penalty is actually paid in full.

#### **Article 6 Termination of Agreement**

- 6.1. In case any of the following situation occurs, this Agreement will terminate:
- (1) this Agreement will terminate earlier upon a new written agreement entered into between the Parties after negotiations;
  - (2) this Agreement will terminate automatically after the Parties have completed their obligations hereunder;
  - (3) where a Party is deprived of its legal capacity due to bankruptcy, closedown, revocation of business license, the other Party is entitled to terminate this Agreement immediately upon delivery of a written notice;
  - (4) upon the occurrence of a force majeure event, which renders that the purpose of this Agreement cannot be realized, either Party may terminate this Agreement via a notice to the other Party; or
  - (5) other circumstances under which this Agreement may be terminated or dissolved as provided by laws, regulations or agreed in this Agreement.
- 6.2. Either Party that terminates or dissolves this Agreement as provided by laws, regulations or agreed in this Agreement shall send a written notice to the other Party to terminate or dissolve this Agreement, and this Agreement shall be terminated or dissolved upon the receipt of such written notice by the other Party. The non-defaulting Party is entitled to claim the defaulting liabilities against the defaulting Party according to the laws, regulations and this Agreement.

#### **Article 7 Confidentiality**

#### **Article 8 Force Majeure**

#### **Article 9 Effectiveness and Counterparts**

- 9.1. This Agreement shall take effect upon being signed and stamped by the Parties and after being approved by the shareholders of Party A and the board of directors of Party B.

9.2. This Agreement shall be made in six counterparts, three for each Party, all of which shall be equally binding.

9.3. In case of any conflicts between this Agreement and the laws and regulations of the State, the latter shall prevail.

**Article 10 Dispute Resolution**

10.1. In case of any disputes between the Parties, the Parties shall first resort to amicable negotiations to resolve such disputes; if the negotiations fail, such disputes shall be filed to the court of competent jurisdiction over the target building for resolution.

**Article 11 Exhibits of the Agreement**

(Summary Translation)

**Cooperation Agreement**

**for**

**The Project of Block A5, IT Industrial Park of Electronics Zone**

Beijing Electronics Zone Investment and Development Co., Ltd.

Beijing Chengshi Wanglin Information Technology Co., Ltd.

September 25, 2014

Beijing

Party A: Beijing Electronics Zone Investment and Development Co., Ltd.  
Postal Address: Building 205, Jia No. 10 Yard, North Jiuxianqiao Road, Chaoyang District,  
Beijing  
Zip Code: 100015  
Business License Registration No.: 110000005030270  
Legal Representative or Person in Charge: Wang Yan  
Tel: 010-58833501

Party B: Beijing Chengshi Wanglin Information Technology Co., Ltd.  
Postal Address: Suite E, North America International Business Center, Yi No. 108 Beiyuan  
Road, Chaoyang District, Beijing  
Zip Code: 1000010  
Business License Registration No.: 110000450129310  
Legal Representative or Person in Charge: Yao Jinbo  
Tel: 010-51395858

## WHEREAS

- 1 The number of the Certificate for Use of the State-owned Land of the land located in Zone A of the IT Industrial Park in the Electronics Zone with an area of 69,122.42 square meters (area for exclusive use) is Jing Chao Guo Yong (2008 Chu) No. 0108; the purpose of the land specified therein is for industrial use, and the land use right will expire on December 7, 2056. Such land use right of the State-owned land and the projects being constructed thereon that already obtained by Party A are all free of any mortgage, litigation, arbitration or any other legal proceedings; as of the date of this agreement, the Parties acknowledge that Party A has obtained the 2013 Gui (Chao) Jian Zi No. 0113 Construction Engineering Planning Permit (Jian Zi No. 110105201300273) for Block 5 from relevant governmental authority, the buildings are originally planned to serve as the purpose of industrial facilities, and relevant construction design drawings have been completed, and Party A will carry out the construction subject to the planning approval and construction drawings. The buildings have completed the structural roof sealing.
- 2 After a full understanding of the relevant details of construction and situation of the IT Industrial Park of Zhongguancun Electronics Zone, Party B decides to purchase Block 5, Zone A of the IT Industrial Park and will perform the relevant admittance approval procedures according to the admittance conditions of Zhongguancun Electronics Zone, and further undertakes that after the entry, it will move its registered address and tax source to IT Industrial Park of Zhongguancun Electronics Zone as soon as practicable and will not change the intended purpose of the building.

In accordance with the relevant laws and regulations and on the basis of equal, voluntary and fair negotiations, Party A and Party B hereby agree as follows in connection with the matters of their cooperation:

### **Article 1 Target Building**

#### 1.1. Scope of the Target Building

The target building in this Agreement refers to Block 5, Zone A, Jia No. 10 Yard, North Jiuxianqiao Road, Chaoyang District, Beijing, the main structure of which is frame structure; the building has seven floors above ground, with the total floor area temporarily estimated as approximately 16,745.71 square meters (Note: the areas provided in this paragraph are estimated areas, and the final figures shall be subject to the surveying and mapping report after the completion.)

1.2. Confirmation on Area of the Target Building

The Parties agree to confirm the areas on the basis of the floor area, and the actual aggregate floor area shall be subject to the area confirmed in the surveying and mapping report. If the absolute value of the error ratio in respect of the total floor area falls within 3% (included), the price will be settled based on the actual area and at the price agreed herein; if the actual total floor area is larger than the estimated floor area agreed herein, the part of the price corresponding to the area exceeding 3% error ratio shall be borne by Party A, and such area in excess shall be owned by Party B; if the actual total floor area is smaller than the estimated floor area agreed herein, the part of the price corresponding to the area exceeding 3% error ratio shall be refunded by Party A to Party B in double amount.

**Article 2 Price of Target Building and Payment Schedule**

2.1. Calculation Method for the Price of the Target Building:

The Parties acknowledge that the transaction price of the target building shall be calculated on the basis of RMB23,000 (twenty-three thousand) per square meter for the total floor area.

2.2. Estimated Price of the Target Building

According to the estimated calculation of the floor area provided in Article 1 hereof, the estimated basic price payable by Party B to Party A for purchase of the target building shall be RMB385,151,330 (i.e. three hundred and eighty-five million one hundred and fifty-one thousand three hundred and thirty) (hereinafter referred to as the “**Estimated Total Price**”). The final price shall be adjusted and settled as agreed in Article 1.2 by refunding the amounts in excess and making up for the shortfall.

2.3. Payment Schedule

Party B will pay the full amount of the Estimated Total Price to Party A in several instalments according to the following schedule:

- 2.3.1. within 20 working days after this Agreement takes effect, Party B will pay 10% of the Estimated Total Price to Party A, i.e. RMB 38,515,133 (thirty-eight million five hundred and fifteen thousand one hundred and thirty-three);
- 2.3.2. prior to March 31, 2015, Party B will pay 80% of the Estimated Total Price to Party A, i.e. RMB 308,121,064 (three hundred and eight million one hundred and twenty-one thousand and sixty-four);
- 2.3.3. within 10 working days prior to the delivery of the target building, Party B will pay the remaining part of the Estimated Total Price to Party A, i.e. RMB 38,515,133 (thirty-eight million five hundred and fifteen thousand one hundred and thirty-three);

### **Article 3 Delivery of Target Building**

- 3.1. Party A shall complete the construction, inspection and acceptance of the target building no later than August 31, 2015. Party A shall deliver the building to Party B after Party B has made full payment of the entire Estimated Total Price.

### **Article 4 Ownership Certificate**

- 4.1. Party A acknowledges that after the target building has been delivered to Party B and the handover procedures in respect thereof have been completed pursuant to Article 3, and after Party B has paid up the full price for purchase of the building in the amount adjusted pursuant to Article 2.2 hereof, Party A shall have the obligation to complete the procedures for the Building Ownership Certificate within 2 years after Party B has provided all relevant materials that should be provided by it and paid up all relevant taxes and fees.
- 4.2. Both Parties agree to bear any taxes and expenses incurred arising from the handling of the building ownership certificate according to relevant regulations of the State.
- 4.3. Given that the building is located within the Technical Park of Zhongguancun Electronics Zone, Party B shall not transfer the building in principle according to the relevant regulations; in case of a transfer, Party A shall have a pre-emptive buyback right under the equivalent conditions, unless in cases where such regulations are invalidated at the time of transfer.

### **Article 5 Liabilities for Breach**

#### **5.1. Principles**

The Parties shall enjoy the rights and perform the obligations provided hereunder under the principles of honesty and good faith. In cases of any default, the defaulting Party shall assume the liabilities for breach and pay a penalty fine to the non-defaulting Party. If there is an express provision governing the percentage of the penalty fine, such provision shall prevail. In case both Parties are in breach, the Parties shall undertake their respective liabilities according to their respective degree of fault or level of responsibilities.

In case of breach by any Party, the non-defaulting Party shall be entitled to require the defaulting Party to rectify such breach. The legal liabilities thus brought about shall be assumed by the defaulting Party.

#### **5.2. Party A's Liabilities for Breach**

If Party A fails to perform its own obligations within the period agreed herein, the following provisions shall prevail:

- 5.2.1. If Party A fails to deliver the target building to Party B by August 31, 2015 as required in Article 3.1 and Exhibit 2 for reasons attributable to Party A, Party A shall pay 0.01% of the price already paid by Party B as penalty for each day of delay. In case such delay lasts over 90 days, Party B shall be entitled to terminate this Agreement, in which case Party A shall refund all paid amounts to Party B within 30 days upon the date of the termination notice, and pay 0.01% of the paid amounts as penalty to Party B for each day of delay. If Party B elects not to terminate this Agreement, Party A shall pay 0.01% of the paid amounts as penalty to Party B for each day during the period starting from the day immediately following the due delivery date agreed herein and ending on the actual delivery date, and this Agreement shall continue to be performed.

- 5.2.2. If Party A fails to make the initial registration for Party B within the agreed time limit, or fails to go through the procedures of the Building Ownership Certificate for reasons attributable to Party A, Party A shall pay 0.01% of the price already paid by Party B as penalty for each day of delay. In case such delay lasts over 90 days, Party B shall be entitled to terminate this Agreement, in which case Party A shall refund all paid amounts to Party B within 30 days upon the date of the termination notice, and pay 0.01% of the paid amounts as penalty to Party B for each day during the period starting from the day on which the procedures for the ownership certificate should be completed and ending on the date of refunding.
- 5.2.3. Except as agreed herein, Party A undertakes that it will not resell the building to others and that the target building is free of any security interest, failing to comply with which Party A has to pay Party B a penalty fine equivalent to 30% of the Estimated Total Price hereunder, and the performance of this Agreement may be continued at the election of Party B.
- 5.3. Party B's Liabilities for Breach
- If Party B fails to perform its own obligations within the period agreed herein, the following provisions shall prevail:
- 5.3.1. Party A shall be entitled to unilaterally terminate this Agreement if Party B fails to pay the first instalment of the Estimated Total Price to Party A as agreed herein.
- 5.3.2. In case the payment is delayed for less than 90 days for reasons attributable to Party B, Party B shall pay 0.01% of the outstanding and payable amounts as penalty to Party B for each day during the period starting from the day immediately following the due payment date agreed herein and ending on the actual full payment date, and this Agreement shall continue to be performed. In case Party B fails to make payments pursuant to Article 2.3.2, it shall pay breach penalty from the sixth working day after the last payment date as required in Article 2.3.2.
- 5.3.3. In case the delay in payment lasts over 90 days for reasons attributable to Party B, Party A shall be entitled to terminate this Agreement and resell the building contemplated hereunder to any third person, in which case Party B shall pay 0.01% of the outstanding and payable amounts as penalty to Party A for each day of delay, and Party A shall refund the remaining paid amounts after deducting such penalty fine. If Party A elects not to terminate this Agreement, Party B shall pay 0.01% of the outstanding and payable amounts as penalty to Party A for each day during the period starting from the day immediately following the due payment date of such outstanding amounts agreed herein and ending on the actual payment date, and this Agreement shall continue to be performed.

- 5.4. Except for the right of unilateral termination exercisable by the Parties pursuant to this Agreement, neither Party may terminate this Agreement without justified reasons, and either Party that terminates this Agreement for reasons not stipulated by the law or agreed herein shall pay a penalty fine equivalent to 30% of the Estimated Total Price to the non-defaulting Party. However, neither Party may terminate this agreement by applying this paragraph after the other Party has performed the primary obligations hereunder. The primary obligations mentioned in this paragraph, with respect to Party A, shall mean the obligations to deliver the building and complete the procedures for ownership transfer, and with respect to Party B, shall mean the obligation to pay the Estimated Total Price of the building.
- 5.5. If either Party is required to refund amounts and/or pay penalty fine to the other Party for its default pursuant to this Agreement, the defaulting Party shall refund the amounts as agreed and pay the penalty fine within 30 days upon the delivery of the written notice by the non-defaulting Party to the defaulting Party, failing to do which the defaulting Party shall pay 0.01% of the Estimated Total Price for each day during the period from the day on which the penalty fine should be paid to the day on which the penalty is actually paid in full.

#### **Article 6 Termination of Agreement**

- 6.1. In case any of the following situation occurs, this Agreement will terminate:
- (1) this Agreement will terminate earlier upon a new written agreement entered into between the Parties after negotiations;
  - (2) this Agreement will terminate automatically after the Parties have completed their obligations hereunder;
  - (3) where a Party is deprived of its legal capacity due to bankruptcy, closedown, revocation of business license, the other Party is entitled to terminate this Agreement immediately upon delivery of a written notice;
  - (4) upon the occurrence of a force majeure event, which renders that the purpose of this Agreement cannot be realized, either Party may terminate this Agreement via a notice to the other Party; or
  - (5) other circumstances under which this Agreement may be terminated or dissolved as provided by laws, regulations or agreed in this Agreement.
- 6.2. Either Party that terminates or dissolves this Agreement as provided by laws, regulations or agreed in this Agreement shall send a written notice to the other Party to terminate or dissolve this Agreement, and this Agreement shall be terminated or dissolved upon the receipt of such written notice by the other Party. The non-defaulting Party is entitled to claim the defaulting liabilities against the defaulting Party according to the laws, regulations and this Agreement.

**Article 7 Confidentiality**

**Article 8 Force Majeure**

**Article 9 Effectiveness and Counterparts**

- 9.1. This Agreement shall take effect upon being signed and stamped by the Parties and after being approved by the shareholders of Party A and the board of directors of Party B.
- 9.2. This Agreement shall be made in six counterparts, three for each Party, all of which shall be equally binding.
- 9.3. In case of any conflicts between this Agreement and the laws and regulations of the State, the latter shall prevail.

**Article 10 Dispute Resolution**

- 10.1. In case of any disputes between the Parties, the Parties shall first resort to amicable negotiations to resolve such disputes; if the negotiations fail, such disputes shall be filed to the court of competent jurisdiction over the target building for resolution.

**Article 11 Exhibits of the Agreement**

SHARE PURCHASE AGREEMENT

BY AND AMONG

58.COM INC.

ANJUKE INC.

THE FOUNDERS NAMED HEREIN

and

THE SELLING SHAREHOLDERS NAMED HEREIN

Dated as of February 28, 2015

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## SHARE PURCHASE AGREEMENT

This SHARE PURCHASE AGREEMENT (this "Agreement"), dated as of February 28, 2015, is entered into by and among (i) 58.com Inc., an exempted company incorporated under the Laws of the Cayman Islands (the "Purchaser"), (ii) Anjuke Inc., an exempted company incorporated under the Laws of the Cayman Islands (the "Company"), (iii) the Founders (as defined in this Agreement) and (iv) the Persons set forth in Schedule A hereto (collectively, the "Selling Shareholders" and individually a "Selling Shareholder").

WITNESSETH:

WHEREAS, the Company and the other Group Companies (as defined below) collectively are engaged in the business of providing online services for real estate agents and agencies in the PRC;

WHEREAS, each Selling Shareholder owns the number and type of Shares (as defined below) as set forth opposite such Selling Shareholder's name in Schedule A under the heading "*Current Ownership/Purchased Shares*";

WHEREAS, each Selling Shareholder desires to sell to the Purchaser, and the Purchaser desires to purchase from each Selling Shareholder, on the terms and subject to the conditions set forth herein, all of the Shares owned by such Selling Shareholder as set forth opposite such Selling Shareholder's name in Schedule A under the heading "*Current Ownership/Purchased Shares*"; and

WHEREAS, concurrently with the sale and purchase of the Shares as contemplated above, such Shares, to the extent not Ordinary Shares (as defined below), will be converted into Ordinary Shares, on the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements hereinafter contained, and intending to be legally bound, the Parties hereby agree as follows:

### Article I Definitions

Section 1.1 Certain Definitions. For purposes of this Agreement, the following terms shall have the meanings specified in this Section 1.1:

"Amount Owed due to CTO Cashless Exercise" has the meaning ascribed to it in Section 3.23.

"Affiliate" means any other Person that directly or indirectly through one or more intermediaries, Controls, or is Controlled by, or is under common Control with, such Person, including without limitation, with respect to any Person that is an individual, his or her Immediate Family Members. For the avoidance of doubt, in the case of any Selling Shareholder, the term "Affiliate" includes (i) any of such Selling Shareholder's shareholders, general partners or limited partners, or the general partners or limited partners of such Selling Shareholder's shareholders (ii) the fund manager managing or advising such Selling Shareholder (and general partners, limited partners and officers thereof) and other funds managed or advised by such fund manager, and (iii) trusts Controlled by or for the benefit of any such Person referred to in (i) or (ii), and (iv) any fund or holding company formed for investment purposes that is promoted, sponsored, managed, advised or serviced by such Selling Shareholder which, in each case of (i), (ii), (iii) and (iv), Controls, or is Controlled by, or is under common Control with, such Selling Shareholder.

“Aggregate Purchase Price” has the meaning ascribed to it in Section 2.2.

“Agreement” has the meaning ascribed to it in the Preamble.

“Amended Articles” means the fifth amended and restated memorandum and articles of association of the Company to become effective immediately upon the Closing, in the form attached hereto as Exhibit A.

“Applicable Accounting Standard” means the United States generally accepted accounting principles or other accounting standards adopted by, as applicable, (i) the Company and applied consistently throughout the Financial Statements or (ii) the Purchaser and applied consistently throughout the Purchaser Financial Statements.

“Awards” has the meaning ascribed to it in Section 6.18.

“Baidu” means Baidu Holdings Limited, a Selling Shareholder.

“Balance Sheet Date” has the meaning ascribed to it in Section 3.7(a).

“Benefit Plan” has the meaning ascribed to it in Section 3.16.

“Breach of Non-Compete” has the meaning ascribed to it in Section 9.6(b)(vi).

“Breach of Non-Solicitation” has the meaning ascribed to it in Section 9.6(b)(v).

“Breaching Selling Shareholder” has the meaning ascribed to it in Section 2.8.

“Business” means, in respect of a Group Company, the business as it currently conducts and, in respect of the Group Companies, the business as the Group Companies, taken as a whole, currently conduct, excluding the Carved-out Business (as defined in Section 3.9 of the Disclosure Schedule).

“Business Day” means a day that is not a Saturday or Sunday or any other day on which banks in the PRC, Hong Kong, New York or the Cayman Islands are required or authorized to be closed.

“Business Plan” has the meaning ascribed to it in Section 3.7(d).

“Cash Portion of Purchase Price” has the meaning ascribed to it in Section 2.2.

“Circular 37” means the Circular No. 37 (汇发[2014]37号) issued by the PRC State Administration of Foreign Exchange on July 4, 2014, titled “Notice on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents to Engage in Overseas Investment and Financing and Round Trip Investment via Special Purpose Companies (国家外汇管理局关于境内居民通过特殊目的公司境外投融资及返程投资外汇管理有关问题的通知)”, including any amendment, implementing rules, or official interpretation thereof or any replacement, successor or alternative legislation having the same subject matter thereof.

“Circular 7” means Circular No. 7 on Several Issues of Enterprise Income Tax on Income Arising from Indirect Transfers of Property by Non-resident Enterprises (SAT Bulletin [2015] No. 7) (关于非居民企业间接转让财产企业所得税若干问题的公告(国家税务总局公告2015年第7号)), dated February 3, 2015 and effective as of the same date, including any amendment, implementing rules, or official interpretation thereof or any replacement, successor or alternative legislation having the same subject matter thereof.

“Closing” has the meaning ascribed to it in Section 2.3.

“Closing Date” has the meaning ascribed to it in Section 2.3.

“Company” has the meaning ascribed to it in the Preamble.

“Company Fundamental Warranties” has the meaning ascribed to it in Section 7.2(a).

“Company Options” means option awards granted under the Company Share Incentive Plan that entitles the holder thereof to purchase Shares upon the vesting of such award.

“Company Release” has the meaning ascribed to it in Section 6.11(c).

“Company Released Persons” has the meaning ascribed to it in Section 6.11(c).

“Company Releasing Persons” has the meaning ascribed to it in Section 6.11(c).

“Company Security Holder” has the meaning ascribed to it in Section 3.15(e).

“Company Share Award Disclosure Schedule” has the meaning ascribed to it in Section 3.4(c).

“Company Share Award Settlement Schedule” means a schedule, dated as of the date hereof, furnished by the Company to the Purchaser substantially in the form as set forth in Schedule B.

“Company Share Awards” means the share-based awards granted under the Company Share Incentive Plan, including the Company Options.

“Company Share Incentive Plan” means the 2008 Equity Incentive Plan of the Company, first adopted by the board of directors of the Company and by written resolutions of the shareholders of the Company on December 19, 2007 and last amended in March 2013 and approved by the board of directors of the Company and the shareholders of the Company in May 2013.

“Contract” means any contract, agreement, indenture, note, bond, mortgage, loan, instrument, lease, franchise or license (whether written or oral).

“Control” of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of a majority of the board of directors (or similar governing body) of such Person; the term “Controlled” has the meaning correlative to the foregoing.

“Control Documents” means the Contracts and other documents set forth in Schedule E hereto.

“Disclosure Schedule” means the disclosure schedule dated as of the date hereof and attached to this Agreement as Schedule D.

“Domestic Company” means 上海瑞家信息技术有限公司, a limited liability company organized and existing under the Laws of the PRC.

“Domestic Subsidiaries” means the WFOE and Tianjin Ruiting.

“Equity Securities” means, with respect to any Person that is a legal entity, any and all shares of capital stock, membership interests, units, profits interests, ownership interests, equity interests, registered capital, and other equity securities of such Person, and any right, warrant, option, call, commitment, conversion privilege, pre-emptive right or other right to acquire any of the foregoing, or security convertible into, exchangeable or exercisable for any of the foregoing, or any Contract providing for the acquisition of any of the foregoing.

“Estimated Selling Expenses” has the meaning ascribed to it in Section 6.14(a).

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Existing Articles” means the fourth amended and restated memorandum and articles of association of the Company adopted by special resolutions dated February 28, 2011.

“Existing Shareholders Agreements” means, collectively, the Amended and Restated Shareholders Agreement, dated as of February 28, 2011, by and among the Company, its shareholders and the other parties thereto, and the Amended and Restated Investors’ Rights Agreement, dated as of February 28, 2011, by and among the Company and certain of its shareholders.

“FBH” means FBH PARTNERS LIMITED, a Selling Shareholder.

“Financial Statements” has the meaning ascribed to it in Section 3.7(a).

“Founder Selling Shareholder” means the Selling Shareholder that is Controlled by any of the Founders.

“Founders” means Mr. Liang Weiping (梁伟平), Mr. Jia Yitian (贾逸恬), Mr. Zhang Jinzhu (张晋珠) and Mr. Cheng Shu (程舒).

“GL” means GL AJK Holdings Ltd., a Selling Shareholder.

“Group Companies” means the Company and any Person (other than a natural person) that is directly or indirectly Controlled by the Company. For the avoidance of doubt, each of the Domestic Company and the Domestic Subsidiaries shall be deemed a Group Company.

“Government Authority” means supranational, national, federal, state, municipal or local court, administrative body or other governmental or quasi-governmental entity or authority with competent jurisdiction exercising legislative, judicial, regulatory or administrative functions of or pertaining to supranational, national, federal, state, municipal or local government, including any department, commission, board, agency, bureau, subdivision, instrumentality or other regulatory, administrative, judicial or arbitral authority, and any securities exchange on which the securities of any Party or its Affiliates are listed.

“HK Subsidiaries” means Anjuko Hong Kong Limited and Champs Elysees Limited, both incorporated in Hong Kong.

“HKIAC Rules” has the meaning ascribed to it in Section 10.4(a).

“Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China.

“Immediate Family Members” means, with respect to any natural Person, (a) such Person’s spouse, parents, children (in each case whether adoptive or biological), (b) spouses of such Person’s children (in each case whether adoptive or biological) and (c) estates, trusts and partnerships which directly or indirectly through one or more intermediaries are Controlled by the foregoing.

“Indebtedness” of any Person means, without duplication, (i) the principal, accreted value, accrued and unpaid interest, prepayment, breakage and redemption costs, premiums or penalties, unpaid fees or expenses and other monetary obligations in respect of (A) indebtedness of such Person for borrowed money and (B) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable; (ii) all obligations (contingent or otherwise) of such Person issued or assumed as the deferred purchase price of property or services, all conditional sale obligations of such Person and all obligations of such Person under any title retention the ordinary course of business consistent with the past practice of such Person; (iii) all capitalized lease obligations; (iv) all obligations and Liabilities payable upon termination of interest rate protection agreements, foreign currency exchange agreements or other interest rate or exchange rate hedging or swap arrangements; (v) all obligations of the type referred to in clauses (i) through (iv) of any Persons the payment of which such Person is responsible or liable, directly or indirectly, as obligor, guarantor, surety or otherwise; and (vi) all obligations of the type referred to in clauses (i) through (v) of other Persons secured by any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person).

“Indemnification Covering Selling Shareholders” means the Selling Shareholders excluding Baidu, GL and FBH.

“Indemnification Pro Rata Portion” means, with respect to any Indemnification Covering Selling Shareholder, a fraction, the numerator of which is the Purchase Price for such Indemnification Covering Selling Shareholder and the denominator of which is the Aggregate Purchase Price for all Indemnification Covering Selling Shareholders.

“Indemnified Party” has the meaning ascribed to it in Section 9.2(d)(i).

“Indemnifying Party” has the meaning ascribed to it in Section 9.2(d)(i).

“Intellectual Property” means all U.S. and non-U.S. intellectual property, including (i) all intellectual property rights in inventions, discoveries, and processes, and all patents, and patent disclosures, (ii) all trademarks, service marks, trade names, brand names, trade dress rights, logos, Internet domain names and corporate names, and, to the extent recognized under applicable Law, other source indicators, and the goodwill of the business symbolized thereby, (iii) all copyrights and works of authorship in any media, including all designs, (iv) all computer software, databases and programs, (v) all trade secrets, know-how, and other proprietary or confidential information and (vi) all applications, registrations, renewals, foreign counterparts, extensions, continuations, continuations-in-part, re-examinations, reissues, and divisionals of the foregoing.

“Management Accounts” has the meaning ascribed to it in Section 3.7(a).

“Key Persons” means the employees of the Group Companies with the title of director (总监) or above.

“Knowledge of the Company” means the knowledge actually possessed, or should have been possessed by the Founders and Key Persons after due inquiry of all people who directly report to such individual.

“Law” means any foreign, federal, state, municipal or local law, statute, code, ordinance, rule, decree, regulation or any common law of any Government Authority or jurisdiction.

“Legal Proceeding” means any judicial, administrative or arbitral actions, suits, proceedings or investigations (whether civil or criminal, judicial or administrative, at law or in equity, or public or private) by or before a Government Authority.

“Liability” means any indebtedness, liability or obligation (whether direct or indirect, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due), including those arising under any Law, Order, Legal Proceeding or Contract and including all costs and expenses relating thereto.

“Lien” means any lien (including, without limitation, tax lien), encumbrance, pledge, mortgage, deed of trust, security interest, claim, lease, charge, option, restrictive covenant, right of first refusal, right of first offer, easement, servitude or other restriction having similar effect.

“Locked-up Selling Shareholders” has the meaning ascribed to it in Section 6.21.

“Long Stop Date” means April 15, 2015.

“Management Rights Letters” means, collectively, (i) three Management Right Letters between the Company and Matrix Partners VIII, L.P., dated November 22, 2007, October 30, 2008 and July 30, 2009, respectively, (ii) the Management Right Letter between the Company and each of Matrix Partners China I, L.P. and Matrix partners China I-A, L.P., dated November 5, 2008, and (iii) the Management Right Letter between the Company and GL AJK HK, Limited, dated February 28, 2011.

“Material Adverse Effect” means any change, circumstance, event or effect that, individually or in the aggregate, is or would be materially adverse to (a) the business, operations, assets, Liabilities, condition (financial or otherwise) or results of operations of the Group Companies, taken as a whole; or (b) the ability of the Company or any Selling Shareholder to consummate the transactions contemplated by this Agreement and to perform its obligations hereunder and under any other Transaction Documents, provided, however, that none of the following, either alone or in combination, shall be considered in determining whether there has been a breach of a representation, warranty, covenant or agreement that is qualified by the term of ‘Material Adverse Effect’: (a) events, circumstances, changes or effects that generally affect the industries in which the Business operates (including legal and regulatory changes), (b) general economic or political conditions or events, circumstances, changes or effects affecting the markets generally, (c) changes arising from the consummation of the transactions contemplated by, or the announcement of the execution of, this Agreement, including (i) any actions of competitors, (ii) any actions taken by or losses of employees or (iii) any delays or cancellations of orders for services; (d) any reduction in the price of services offered by the Business in response to the reduction in price of comparable services offered by a competitor, (e) any circumstance, change or effect that results from any action taken pursuant to or in accordance with this Agreement or at the request of or the permission by the Purchaser, including without limitation any action taken for the purpose of carving out the Carved-out Business, and (f) changes caused by a material worsening of current conditions caused by acts of terrorism or war (whether or not declared) occurring after the date hereof, provided, further, that any fact, circumstance, event, change, effect or occurrence referred to in clauses (a), (b), and (f) above may be taken into account in determining whether or not there has been or will be a Material Adverse Effect to the extent, but only to the extent, that the Company is disproportionately affected thereby as compared to other participants in the industry or markets in which the Company operates.

“Material Contract” has the meaning ascribed to it in Section 3.14(a).

“Material License” means all franchises, permits, licenses, approvals, authorizations and any similar document issued or granted by any Government Authority that are, individually or in the aggregate, material for the conduct of the Business of the Group Companies, taken as a whole.

“Non-Founder Selling Shareholders” means the Selling Shareholders excluding the Founder Selling Shareholders, Baidu, GL and FBH.

“Order” means any written order, injunction, judgment, decree, legally binding notice, ruling, writ, assessment or arbitration award of a Government Authority.

“Ordinary Shares” means the ordinary shares, par value US\$0.0001 per share, in the capital of the Company.

“Outgoing Directors” means the individuals indicated as an “Outgoing Director” in Schedule C hereto.

“Outgoing Domestic Company Shareholders” means all of the shareholders of the Domestic Company as of the date of this Agreement.

“Purchaser Financial Statements” has the meaning set ascribed to it in Section 5.5(c).

“Party” means a party to this Agreement.

“Permit” means any approval, authorization, consent, license, permit or certificate of or issued by a Government Authority.

“Person” means any individual, corporation, partnership, limited liability company, firm, joint venture, association, joint-stock company, trust, unincorporated organization or other entity.

“PRC” or “China” means the People’s Republic of China, excluding, for purposes of this Agreement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan.

“Preference Shares” means, collectively, the Series A Preference Shares, the Series B Preference Shares, the Series B-1 Preference Shares and the Series C Preference Shares.

“Prohibited Payment” has the meaning ascribed to it in Section 3.15(b).

“Proposed Releasing Selling Shareholder(s)” has the meaning ascribed to it in Section 9.6(e).

“Purchase Price” has the meaning ascribed to it in Section 2.2.

“Purchased Shares” has the meaning ascribed to it in Section 2.1.

“Purchaser Director” means the individual appointed by the Purchaser to the board of directors of the Company and indicated as a “Purchaser Director” in Schedule C hereto.

“Purchaser Domestic Company Shareholder” means Beijing 58 Information Technology Co., Ltd.

“Purchaser Fundamental Warranties” has the meaning ascribed to it in Section 7.3(a).

“Purchaser Indemnitee” has the meaning ascribed to it in Section 9.2(a).

“Purchaser Losses” has the meaning ascribed to it in Section 9.2(a).

“Purchaser Material Adverse Effect” means any change, event, development, condition, occurrence or effect that is or is reasonably likely to be material and adverse to the financial condition, businesses or results of operations of the Purchaser; provided, however, that none of the following, either alone or in combination, shall be considered in determining whether there has been a breach of a representation, warranty, covenant or agreement that is qualified by the term of ‘Purchaser Material Adverse Effect’: (a) events, circumstances, changes or effects that generally affect the industries in which the Purchaser’s business operates (including legal and regulatory changes), (b) general economic or political conditions or events, circumstances, changes or effects affecting the markets generally, (c) changes arising from the consummation of the transactions contemplated by, or the announcement of the execution of, this Agreement, including (i) any actions of competitors, (ii) any actions taken by or losses of employees or (iii) any delays or cancellations of orders for services; (d) any reduction in the price of services offered by the Purchaser’s business in response to the reduction in price of comparable services offered by a competitor, (e) any circumstance, change or effect that results from any action taken pursuant to or in accordance with this Agreement or at the request of the Company or any Selling Shareholder and (f) changes caused by a material worsening of current conditions caused by acts of terrorism or war (whether or not declared) occurring after the date hereof; provided, further, that any fact, circumstance, event, change, effect or occurrence referred to in clauses (a), (b), and (f) above may be taken into account in determining whether or not there has been or will be a Purchaser Material Adverse Effect to the extent, but only to the extent, that the Company is disproportionately affected thereby as compared to other participants in the industry or markets in which the Company operates.

“Purchaser RSUs” means restricted share unit awards granted under the Purchaser’s applicable share incentive plan that entitle the holder thereof to receive Purchaser Shares upon the vesting of such award.

“Purchaser Shares” means the Class A ordinary shares, par value US\$0.00001 per share, in the capital of the Purchaser.

“Related Party” or “Related Parties” means (i) any member, shareholder or equity interest holder who, together with its Affiliates, directly or indirectly holds no less than 10% of the total outstanding share capital of any Group Company, (ii) any director (董事) or Key Persons of any Group Company, and (iii) the Affiliates of the Persons enumerated under (i) and (ii), in each case of (i), (ii) and (iii), excluding any Group Company.

“Related Party Contracts” has the meaning ascribed to it in Section 3.17(a).

“Released Claims” has the meaning ascribed to it in Section 6.11(a).

“Relevant PRC Tax Authority” has the meaning ascribed to it in Section 6.9(b).

“SAFE Regulations” has the meaning ascribed to it in Section 3.15(e).

“Sanctions” has the meaning ascribed to it in Section 3.15(f).

“SEC” means the United States Securities and Exchange Commission.

“SEC Reports” has the meaning ascribed to it in Section 5.5(a).

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Securities Laws” means, collectively, the Securities Act, the Exchange Act and any state securities and “blue sky” laws and applicable foreign securities laws.

“Selling Shareholder” has the meaning ascribed to it in the Preamble.

“Selling Shareholder Bank Account” has the meaning ascribed to it in Section 6.14(b).

“Selling Shareholder Fundamental Warranties” has the meaning ascribed to it in Section 7.2(a).

“Selling Shareholder Indemnitees” has the meaning ascribed to it in Section 9.2(c).

“Selling Shareholder Losses” has the meaning ascribed to it in Section 9.2(c).

“Senior Managers” means the employees of the Group Companies with the title of senior managers (高级经理) or above.

“Series A Preference Shares” means the Series A Preference Shares, par value US\$0.0001 per share, in the capital of the Company.

“Series B Preference Shares” means the Series B Preference Shares, par value US\$0.0001 per share, in the capital of the Company.

“Series B-1 Preference Shares” means the Series B-1 Preference Shares, par value US\$0.0001 per share, in the capital of the Company.

“Series C Preference Shares” means the Series C Preference Shares, par value US\$0.0001 per share, in the capital of the Company.

“Share Portion of Purchase Price” has the meaning ascribed to it in Section 2.2.

“Shareholder Release” has the meaning ascribed to it in Section 6.11(a).

“Shareholder Released Persons” has the meaning ascribed to it in Section 6.11(a).

“Shareholder Releasing Persons” has the meaning ascribed to it in Section 6.11(a).

“Shares” means the shares in the capital of the Company, being the Ordinary Shares and the Preference Shares.

“Straddle Period” means any taxable period that begins on or before and ends after the Closing Date.

“Subsidiary” of a Person means any entity in which such Person owns, directly or indirectly, at least a majority of capital stock, holds at least a majority of equity or similar interest, or controls, directly or indirectly, through contractual agreements and includes, where applicable, any subsidiary of such Person formed or acquired after the date hereof.

“Tax” or “Taxes” means (i) in the PRC: (a) any national, provincial, municipal, or local taxes, charges, fees, levies, or other assessments, including, without limitation, all net income (including enterprise income tax and individual income withholding tax), turnover (including value-added tax, business tax, and consumption tax), resource (including urban and township land use tax), special purpose (including land value-added tax, urban maintenance and construction tax, and additional education fees), property (including urban real estate tax and land use fees), documentation (including stamp duty and deed tax), filing, recording, tariffs (including import duty and import value-added tax), and other taxes, charges, fees, levies, or other assessments of any kind whatsoever as applicable, (b) all interest, penalties (administrative, civil or criminal), or additional amounts imposed by any Government Authority in connection with any item described in clause (a) above, and (c) any form of transferor liability imposed by any Government Authority in connection with any item described in clauses (a) and (b) above, and (ii) in any jurisdiction other than the PRC: all similar liabilities as described in clause (i) above.

“Tax Return” means any return, report or statement required to be filed with respect to any Tax (including any attachments thereto, and any amendment thereof), including any information return, claim for refund, amended return or declaration of estimated Tax, and including, where permitted or required, combined, consolidated or unitary returns for any group of entities that includes any Group Company.

“Taxing Authority” means any Government Authority responsible for the administration of any Tax.

“Third Party Claim” has the meaning ascribed to it in Section 9.2(d)(ii).

“Tianjin Ruiting” means 天津瑞庭房地产经纪有限公司, a limited liability company organized and existing under the Laws of the PRC.

“Transaction Documents” means this Agreement, the Amended Articles and other agreements or documents required to be executed and/or delivered by any Party in connection with the consummation of the transactions contemplated by this Agreement.

“Transaction Expenses” has the meaning ascribed to it in Section 10.1.

“Transfer” has the meaning ascribed to it in Section 6.21.

“Unaudited Financial Statements” has the meaning ascribed to it in Section 3.7(a).

“Warrantors” means the Company and the Founders.

“WFOE” means 瑞庭网络技术(上海)有限公司, a limited liability company organized and existing under the Laws of the PRC.

“Withheld Amount” has the meaning ascribed to it in Section 2.6(a).

“Withheld Funds” has the meaning ascribed to it in Section 9.6(a).

“Withhold Expiration Date” has the meaning ascribed to it in Section 9.6(a).

Section 1.2 Interpretation and Rules of Construction.

(a) Unless otherwise expressly provided, for purposes of this Agreement, the following rules of interpretation shall apply:

(i) the provision of a Table of Contents, the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in construing or interpreting this Agreement;

(ii) any reference in this Agreement to an Article, Section, Exhibit or Schedule, such reference is to an Article or Section of, or a Schedule or Exhibit to, this Agreement, unless otherwise indicated. All Exhibits and Schedules hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein;

(iii) any reference in this Agreement to gender shall include all genders, and words imparting the singular number only shall include the plural and *vice versa*;

(iv) the word “including” or any variation thereof means (unless the context of its usage otherwise requires) “including, without limitation” and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it;

(v) words such as “herein,” “hereinafter,” “hereof” and “hereunder” refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires;

(vi) when calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded;

(vii) the term “non-assessable,” when used with respect to any Shares, means that no further sums are required to be paid by the holders thereof in connection with the issue thereof; and

(viii) except as otherwise provided herein, any reference in this Agreement to \$ or US\$ means U.S. dollars, the lawful currency of the United States.

(b) In the event an ambiguity or question of intent or interpretation arises, no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement.

## ARTICLE II

### Sale and Purchase of Shares

Section 2.1 Sale and Purchase of Shares. Upon the terms and subject to the conditions contained herein, at the Closing, each Selling Shareholder shall sell to the Purchaser, and the Purchaser shall purchase from each Selling Shareholder, such number and type of Shares set forth opposite such Selling Shareholder's name under the heading "*Current Ownership/Purchased Shares*" in Schedule A (the "Purchased Shares" of such Selling Shareholder), free and clear of all Liens.

Section 2.2 Purchase Price. The aggregate purchase price for all Purchased Shares of all Selling Shareholders (the "Aggregate Purchase Price") shall be US\$253,578,498.56, consisting of an aggregate of US\$151,951,728.56 in cash and an aggregate of 4,839,370 Purchaser Shares to be issued by the Purchaser at the Closing. With respect to each Selling Shareholder, the aggregate purchase price for all Purchased Shares of such Selling Shareholder (the "Purchase Price" for such Selling Shareholder) is in such amount, consisting of such amount of cash (the "Cash Portion of Purchase Price") and such number of Purchaser Shares (the "Share Portion of Purchase Price"), as set forth opposite such Selling Shareholder's name under the heading "*Purchase Price*" in Schedule A.

Section 2.3 Closing Date. Subject to the terms and conditions of this Agreement, the sale and purchase of all Purchased Shares of all Selling Shareholders as contemplated by this Agreement (the "Closing") shall take place via the remote exchange of electronic documents and signatures on a date that is no later than the third (3<sup>rd</sup>) Business Day after the satisfaction or valid waiver of each of the conditions set forth in Article VII (other than conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of those conditions at such time) (the date on which the Closing occurs, the "Closing Date"), unless another time, date or place is agreed to in writing by the Purchaser, the Company and the Selling Shareholders.

Section 2.4 Closing Deliveries by the Company. At the Closing, the Company shall deliver or cause to be delivered:

(a) to the Purchaser:

(i) a copy of the register of members of the Company, dated as of the Closing Date and duly certified by the registered office provider of the Company, evidencing the ownership by the Purchaser of all of the Purchased Shares (which shall have been converted into Ordinary Shares pursuant to Section 2.7, as applicable) of all Selling Shareholders, free and clear of all Liens;

(ii) a copy of the share certificate in the name of the Purchaser, dated as of the Closing Date, evidencing the ownership by the Purchaser of all of the Purchased Shares (which shall have been converted into Ordinary Shares pursuant to Section 2.7, as applicable) of all Selling Shareholders (the original duly executed copy of which shall be delivered to the Purchaser within five (5) Business Days after the Closing);

(iii) a copy of the register of directors of the Company, dated as of the Closing Date and duly certified by the registered office provider of the Company, evidencing the resignation of each of the Outgoing Directors as directors of the Company and the appointment of the Purchaser Director as the sole director of the Company;

(iv) (A) equity transfer agreements, dated as of the Closing Date, duly executed and delivered by each of the Outgoing Domestic Company Shareholders transferring their entire entity interests in the Domestic Company to the Purchaser Domestic Company Shareholder, (B) an amendment to the existing articles of association of the Domestic Company to reflect the transfer of equity interests and amendment of the articles of association, (C) a resolution or written decision from the shareholders of the Domestic Company approving the change of shareholders and amendment of the articles of association of the Domestic Company, (D) application documents and form(s) required by, and reasonably obtainable from, the local counterpart of State Administration of Industry and Commerce for the change of shareholders and the amendment to the articles of association, duly executed by the Domestic Company's existing legal representative and affixed with its company seal, (E) termination agreement, dated as of the Closing Date, duly executed and delivered by each of the Outgoing Domestic Company Shareholders, the Domestic Company and the WFOE terminating the Control Documents to which any of the Outgoing Domestic Company Shareholders is a party, (F) a shareholder resolution of the Domestic Company and the WFOE approving the termination of the Control Documents, and (G) application documents and form(s) required by, and reasonably obtainable from, the local counterpart of the State Administration of Industry and Commerce for de-registration of equity interest pledge contemplated under the Control Documents, duly executed by each of the existing shareholders of the Domestic Company.

(v) duly executed resignation and release letters, dated as of the Closing Date and in the form of Exhibit B, of each of the Outgoing Directors evidencing their resignation as members of the board of directors of the Company (and as officer, director, supervisor and/or observer of all other Group Companies if such Outgoing Director also serves any such position);

(vi) duly executed resignation and release letters, dated as of the Closing Date and in the form of Exhibit B, of each of the existing directors of the HK Subsidiaries evidencing their resignation as members of the board of directors of the HK Subsidiaries (and as officer, director, supervisor and/or observer of all other Group Companies if such person also serves any such position);

(vii) with respect to each Domestic Subsidiary and the Domestic Company, (A) signed resignation letter from the existing legal representative, the existing board chairman and the existing directors (or the existing executive director) and the existing supervisor of such Person, expressed to take effect from the Closing; (B) a resolution or written decision from the shareholder(s) of each such Person approving (i) the removal of the existing legal representative, chairman of the board of directors and directors (or executive director), and supervisor of such Person; and (ii) the appointment of the Purchaser's nominees as the legal representative, the board chairman, the directors, and the supervisor of such Person, expressed to take effect from the Closing; and (C) application documents and form(s) required by, and reasonably obtainable from, the local counterpart of the Ministry of Commerce (as applicable) and the State Administration of Industry and Commerce for the change of legal representative, board chairman and directors (or executive director) and supervisor, the amendment to the articles of association, signed by its existing legal representative and affixed with its company seal;

(viii) a copy of the resolutions duly and validly adopted by the board of directors of the Company and certified by a director of the Company, evidencing the authorization or acknowledgement (as applicable) by the board of directors of the Company of the execution and delivery of this Agreement and the other Transaction Documents to which the Company is a party and the consummation of the transactions contemplated hereby and thereby, including (A) the adoption of the Amended Articles (subject to the approval of the shareholders of the Company); (B) the resignation or removal (as applicable) of the Outgoing Directors; (C) the appointment of the Purchaser Director; (D) the transfer and conversion of the Purchased Shares of all of the Selling Shareholders as contemplated by this Agreement; in each case of (A) through (D), effective as of the Closing;

(ix) a copy of the resolutions duly and validly adopted by the shareholders of the Company and certified by a director of the Company, evidencing the shareholders' authorization of the execution and delivery of this Agreement and the other Transaction Documents to which the Company is a party and the consummation of the transactions contemplated hereby and thereby, including (A) the adoption of the Amended Articles, (B) the removal (if necessary) of the Outgoing Directors; (C) the appointment of the Purchaser Director; (D) the transfer and conversion of the Purchased Shares of all of the Selling Shareholders as contemplated by this Agreement, in each case of (A) through (D), effective as of the Closing;

(x) a certificate of good standing of the Company, dated as of a date no earlier than ten (10) Business Days prior to the Closing Date, issued by the Registrar of Companies of the Cayman Islands; and

(xi) the closing certificate of the Company as contemplated by Section 7.2(d).

delivered:

Section 2.5 Closing Deliveries by the Selling Shareholders. At the Closing, each Selling Shareholder shall deliver or cause to be

(a) to the Company:

(i) an instrument of transfer in the form of Exhibit C hereto with respect to the Purchased Shares of such Selling Shareholder, duly executed by such Selling Shareholder; and

(ii) the original share certificate(s) representing the Purchased Shares of such Selling Shareholder or, if such original share certificate(s) could not be returned to the Company at the Closing, an affidavit and indemnity for lost share certificate in form and substance reasonably acceptable to the registered office provider of the Company and the Purchaser in respect of the Purchased Shares of such Selling Shareholder; and

(b) to the Purchaser:

(i) where such Selling Shareholder is a Founder or an entity Controlled by any Founder, a copy of the resolutions or other internal authorizations duly and validly adopted by the board of directors and shareholders of such Selling Shareholder and certified by a duly authorized signatory of such Selling Shareholder evidencing its authorization of the execution and delivery of this Agreement and the other Transaction Documents to which it is a party and the consummation of the transactions contemplated hereby and thereby; and

(ii) the closing certificate of each Selling Shareholder as contemplated by Section 7.2(d).

Section 2.6 Closing Deliveries by the Purchaser. At the Closing, the Purchaser shall deliver or cause to be delivered:

(a) to each Selling Shareholder:

(i) an amount equal to (A) the Cash Portion of Purchase Price for such Selling Shareholder, less (B) the sum of (x) the amount set forth opposite such Selling Shareholder's name under the heading "*Withheld Amount*" in Schedule A hereto (the "Withheld Amount" for such Selling Shareholder), and (y) such Selling Shareholder's Estimated Selling Expenses, if applicable, as set forth opposite such Selling Shareholder's name under the heading "*Estimated Selling Expenses*" in Schedule A hereto, by wire transfer of immediately available funds in US\$ to the Selling Shareholder Bank Account of such Selling Shareholder;

(ii) a copy of the register of members of the Purchaser, dated as of the Closing Date and duly certified by the registered office provider of the Purchaser, evidencing the ownership by such Selling Shareholder of the Share Portion of Purchase Price;

(iii) a copy of the share certificate in the name of such Selling Shareholder, dated as of the Closing Date, evidencing the ownership by such Selling Shareholder of the Share Portion of Purchase Price (the original duly executed copy of which shall be delivered to each Selling Shareholder within five (5) Business Days after the Closing); and

(b) to the Company:

(i) an instrument of transfer in the form of Exhibit C hereto with respect to the Purchased Shares of each Selling Shareholder, duly executed by the Purchaser; and

(ii) written consent by the Purchaser Director to act as a director of the Company.

Section 2.7 Conversion of Purchased Shares. At the Closing, each Purchased Share that is not an Ordinary Share shall be converted pursuant to the Existing Articles into such number of Ordinary Shares into which it would have been convertible in connection with a conversion of such Purchased Share pursuant to the Existing Articles. Assuming the accuracy of the representation and warranty set forth in Section 3.4(b), such conversion shall be on a 1:1 basis. Each Selling Shareholder hereby irrevocably requests that the Company effect, and hereby irrevocably consents to, the conversion as contemplated by this Section 2.7, and such request and consent shall for purposes of the Existing Articles and the Existing Shareholders Agreement be deemed to constitute the request, consent and/or the affirmative vote, as applicable or necessary to give effect to this Section 2.7, by such Selling Shareholder for the conversion of all of the Preference Shares held by it into Ordinary Shares, immediately prior to and conditioned upon Closing.

Section 2.8 Breaching Selling Shareholder. If, at the Closing, any Selling Shareholder fails to fully comply with any of its obligations set forth in Section 2.5 (each a "Breaching Selling Shareholder"):

(a) The Purchaser shall be entitled to, at its sole discretion and by written notice to the Company and the Selling Shareholders, elect to (without prejudice to any other rights and remedies that may be available to the Purchaser):

(i) proceed to the Closing so far as practicable and consummate the sales and purchases of the Purchased Shares of the Selling Shareholders other than the Breaching Selling Shareholders;

(ii) defer the Closing to a date not more than twenty (20) Business Days after the originally scheduled Closing Date; or

(iii) immediately terminate this Agreement, but only if the shares in the Company held by such Breaching Selling Shareholder(s) account for no less than 10% of the share capital of the Company on as converted basis immediately prior to the Closing.

(b) In the event that the Purchaser elects to proceed under Section 2.8(a)(i), this Agreement shall be deemed to have been duly amended and modified to the extent necessary to exclude the sale and purchase of the Purchased Shares of the Breaching Selling Shareholder(s) from the transactions contemplated hereby, provided, however, that upon the consummation of the sale and purchase of the Shares of any Selling Shareholder, the Purchased Shares (including those of the Breaching Selling Shareholder(s), and irrespective of whether such Purchased Shares are actually purchased and transferred or otherwise), to the extent not Ordinary Shares, shall in any event be converted into Ordinary Shares pursuant to Section 2.7.

(c) Each Selling Shareholder hereby agrees that, to the extent such Selling Shareholder is a Breaching Selling Shareholder, the Purchaser shall have the right (but not the obligation) to purchase, at any time after the consummation of the sale and purchase contemplated by Section 2.8(b), the Purchased Shares of such Selling Shareholder for an aggregate purchase price equal to the Purchase Price for such Selling Shareholder (without interest), and otherwise on the terms and conditions (including the arrangements with respect to representations and warranties, covenants, and Transaction Expenses in this Agreement) that would have been applicable to the sale and purchase of the Purchased Shares of such Selling Shareholder if such sale and purchase had occurred at the Closing.

Section 2.9 Treatment of Company Share Awards. As soon as practicable after the date hereof, the Company and the Purchaser shall each (or, as applicable, the boards of directors of the Company and the Purchaser shall, and the Selling Shareholders shall cause the board of directors of the Company to) take such action as may be necessary (including to obtain any applicable consents and/or amendments) to effect the following provisions of this Section 2.9.

(a) As set forth and more fully described in Schedule B, with respect to each holder of Company Options, the Company Options set forth opposite such holder's name in Schedule B under the heading "*Paid-out Company Options*" (each of which Company Options, for the avoidance of doubt, shall have become vested in accordance with his vesting schedule provided for under the applicable award agreement(s)) shall be cancelled and converted into the right to receive from the Purchaser, and

(i) the Purchaser shall pay to such holder, as soon as reasonably practicable after Closing Date (but in any event no later than (A) three (3) months after the Closing for such holder whose bank account information has been set out on Schedule B under the heading "*Bank Account of Option Holder*" or (B) three (3) months after the date such holder has provided the Purchaser with his or her bank account information if the holder's bank account information has not been set out on Schedule B), such amount of cash set forth opposite such holder's name on Schedule B under the heading "*Cash Amount Payable by Purchaser*" less any withholding or deduction required by (and otherwise in accordance with) Section 2.9(b), by wire transfer of immediately available funds to an account designated by such holder set forth opposite such holder's name on Schedule B under the heading "*Bank Account of Option Holder*" or otherwise notified to the Purchaser in writing if such holder's bank account information has not been set out on Schedule B; and

(ii) the Purchaser shall grant to such holder, as soon as reasonably practicable after the Closing (but in any event no later than three (3) months after the Closing, provided that such holder is available to enter into the Purchaser's standard RSU grant agreement with the Purchaser within such three-month period), such number of Purchaser RSUs as set forth opposite such holder's name on Schedule B under the heading "*Paid-Out Purchaser RSUs*" less any withholding or deduction required by (and otherwise in accordance with) Section 2.9(b). Each such Purchaser RSU so granted shall become fully vested and each Purchaser Share issuable upon the exercise of such Purchaser RSUs shall be freely transferable after six (6) months following the Closing Date, and each such Purchaser RSU shall otherwise be subject to the same terms and conditions of the Purchaser Share Incentive Plan effective as of the Closing.

(iii) Notwithstanding anything to the contrary in Section 2.9(a)(i) or (ii), for any holder who has not provided the Purchaser with his or her bank account information or made himself or herself available to execute an RSU grant agreement with the Purchaser within six (6) months after the Closing, the Purchaser's obligations under Section 2.9(a)(i) or (ii), as applicable, shall automatically cease with respect to such holder at the expiration of the six-month period and no Person shall have any rights or claims against the Purchaser in this regard thereafter.

(b) the Purchaser shall be entitled to withhold an amount up to the sum of (i) the amount of Taxes that should be withheld from or paid by such holder in connection with the vesting or exercise of such holder's Company Share Awards from the amounts otherwise payable to such holder thereunder, and (ii) the amount of Taxes that should have been withheld from or paid by such holder in connection with the prior vesting or exercise of such holder's Company Share Awards, to the extent not already withheld or paid, from the amounts otherwise payable to such holder thereunder. The Purchaser shall, within such period of time that is required by applicable Taxing Authority, pay or cause the applicable Group Company to pay, the withheld amount on behalf of each such holder to the applicable Taxing Authority, and shall obtain a confirmation or other written proof that the withholding Tax has been duly paid by the Purchaser (or the relevant Group Company) on behalf of each such holder. To the extent that there is any residual amount after such Tax payment, the Purchaser shall as soon as reasonably practicable after obtaining such confirmation or other proof reasonably obtainable from the Taxing Authority (but in any event no later than twenty (20) Business Days after obtaining such confirmation or other proof), return such residual amount, together with interest accrued thereon, if any, to such holder by wire transfer of immediately available funds to the account designated by such holder set forth opposite such holder's name on Schedule B under the heading "*Bank Account of Option Holder*" or otherwise notified to the Purchaser in writing if such holder's bank account information has not been set out on Schedule B.

(c) The Company shall take all actions necessary to ensure that (i) the Company Share Incentive Plan, all the Company Share Awards, whether vested or unvested, and corresponding award agreements, shall terminate as of the Closing, and (ii) from and after the Closing neither the Purchaser nor the Company will be required to issue Company Shares, other share capital of the Company or any other consideration (other than as required by this Section 2.9) to any Person pursuant to or in settlement of Company Share Awards.

(d) Each holder of Company Share Awards is expressly made a third party beneficiary to Sections 2.9(a) and Section 2.9(b), and shall have the right to enforce the provisions of Sections 2.9(a) and Section 2.9(b) directly to the extent such holder may deem such enforcement necessary or advisable to protect his or her rights hereunder.

## ARTICLE III

### Representations and Warranties With Respect to Group Companies

The Warrantors shall jointly and severally represent and warrant to the Purchaser that the statements contained in this Article III are true, correct and complete as of the date hereof and as of the Closing Date (unless any representations and warranties expressly relate to another date, in which case as of such other date).

Section 3.1 Organization and Good Standing. The Company is an exempted company duly organized, validly existing and in good standing under the Laws of the Cayman Islands and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now conducted. The Company is duly qualified or authorized to do business as now conducted and is in good standing under the Laws of each jurisdiction in which such qualification or authorization is required. Complete and correct copies of the Existing Articles, which are in full force and effect as of the date hereof and as of immediately prior to the Closing, have been made available to the Purchaser.

Section 3.2 Authorization. The Company has all requisite power and authority to execute and deliver this Agreement and the other Transaction Documents to which the Company is a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the other Transaction Documents to which the Company is a party and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of the Company. This Agreement has been, and each of the other Transaction Documents to which the Company is a party will be at or prior to the Closing, duly and validly executed and delivered by the Company and (assuming the due authorization, execution and delivery by the other parties hereto and thereto) this Agreement constitutes, and the other Transaction Documents to which the Company is a party will constitute, the legal, valid and binding obligations of the Company, enforceable against it in accordance with their respective terms, except as enforcement may be limited by general principles of equity, whether applied in a court of Law or a court of equity, and by applicable bankruptcy, insolvency and similar Law affecting creditors' rights and remedies generally.

Section 3.3 Conflicts; Consents of Third Parties.

(a) Except as may result from any facts or circumstances relating solely to the Purchaser or any of its Affiliates (including revenues thereof), or except as contemplated by this Agreement, none of the execution, delivery and performance by the Company of this Agreement or the other Transaction Documents to which the Company is a party, the consummation of the transactions contemplated hereby or thereby, or compliance by the Company with any of the provisions hereof or thereof will breach or conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) or loss of a benefit under, or give rise to a right of termination, consent or cancellation or increase in any fee, liability or obligation under, any provision of (i) the Existing Articles or the memorandum and articles of association or comparable organizational documents of any other Group Company; (ii) any Material Contract or Material License (other than those relating to the Carved-out Business); (iii) any Order applicable to any Group Company or by which any of the properties or assets of any Group Company are bound; or (iv) any applicable Law, except, in the case of this Section 3.3(a)(iii) and (iv), as would not materially and adversely affect the liability of the Company to carry out its obligations under, and to consummate the transactions contemplated by, this Agreement and the other Transaction Documents.

(b) No consent, waiver, approval, Order, Permit or authorization of, or declaration or filing with, or notification to, any Government Authority or any other Person is required to be obtained or completed by the Group Companies in connection with the execution and delivery of this Agreement or the other Transaction Documents or the compliance by the Company with any of the provisions hereof or thereof, or the consummation of the transactions contemplated hereby or thereby, except (y) where failure to obtain such consent, waiver, approval, Order, Permit or authorization, or make such declaration or filing, would not prevent or materially delay the consummation by the Company of the transactions contemplated by this Agreement and the other Transaction Documents to which the Company is a party or (z) as may be necessary as a result of any facts or circumstances relating solely to any party hereof or any of its Affiliates.

Section 3.4 Capitalization.

(a) The entire share capital of the Company consists of

(i) 200,000,000 authorized Preference Shares, of which (A) 10,750,000 shares are designated as Series A Preference Shares, 9,814,163 of which are issued and outstanding; (B) 8,672,500 shares of which are designated as Series B Preference Shares, 8,435,565 of which are issued and outstanding, (C) 1,692,875 shares are designated as Series B-1 Preference Shares, 1,692,875 of which are issued and outstanding, and (D) 4,091,976 shares are designated as Series C Preference Shares, 4,091,976 of which are issued and outstanding, in each case of (A) through (D), having the rights, privileges and preferences as set forth in the Existing Articles.

(ii) 300,000,000 authorized Ordinary Shares, of which (A) 10,729,976 Ordinary Shares are issued and outstanding, (B) 9,814,163 Ordinary Shares are reserved for issuance upon conversion of the Series A Preference Shares, (C) 8,435,565 Ordinary Shares are reserved for issuance upon conversion of the Series B Preference Shares, (D) 1,692,875 Ordinary Shares are reserved for issuance upon conversion of the Series B-1 Preference Shares, (E) 10,729,976 Ordinary Shares are reserved for issuance upon conversion of the Series C Preference Shares, and (F) 9,143,000 Ordinary Shares are reserved for issuance pursuant to the Company Share Incentive Plan.

(b) All of the issued and outstanding Preference Shares and Ordinary Shares are duly authorized, validly issued, fully paid and non-assessable. Section 3.4(b) of the Disclosure Schedule sets forth a complete and accurate list of all of the record and beneficial holders of the Preference Shares and Ordinary Shares and the respective numbers and series of Preference Shares and the respective number of Ordinary Shares held thereby. The ratio of conversion into Ordinary Shares for each of the Series A Preference Shares, the Series B Preference Shares, the Series B-1 Preference Shares and the Series C Preference Shares is 1:1.

(c) Section 3.4(c) of the Disclosure Schedule sets forth a complete and accurate list of all of the holders of any issued and outstanding Company Share Award as of the date hereof, indicating the total issued and outstanding Company Share Awards as of the date hereof and, for each such holder, the name, number, type, applicable vesting information and exercise price of the Company Share Awards of such holder (the “Company Share Award Disclosure Schedule”). Except as described in Section 3.4(a), the Existing Articles, the Existing Shareholders Agreement and except as set forth in the Company Share Award Disclosure Schedule, there are no outstanding Ordinary Shares, Preference Shares, any other shares or equity of the Company, or any securities convertible into or exercisable or exchangeable for any of the foregoing, or any other options, warrants, rights (including conversion or preemptive rights and rights of first refusal), subscriptions, or other rights, proxy or shareholders agreements or Contracts of any kind, either directly or indirectly, entitling the holder thereof to purchase or otherwise acquire or to compel the Company to issue, repurchase or redeem any share or other securities of the Company. Except as contemplated by the Transaction Documents, the Existing Shareholders Agreements, the Existing Articles and the Control Documents, (i) none of the Group Companies is under any obligation to register any of its currently outstanding securities or any securities issuable upon exercise or conversion of its currently outstanding securities under the Securities Act, nor is any Group Company obligated to register or qualify any such securities under the securities laws of any state of the United States or to list any of such securities in the Cayman Islands, Hong Kong or any other jurisdiction; and (ii) none of the Group Companies is a party or subject to any Contract that affects or relates to the voting or giving of consents with respect to, its currently outstanding securities or any securities issuable upon exercise or conversion of its currently outstanding securities.

Section 3.5      Group Companies.

(a) Section 3.5(a) of the Disclosure Schedule sets forth a complete and accurate list of the Group Companies (other than the Company) and, for each such Group Company, its name, the jurisdiction in which it is incorporated or organized, the names of its shareholders and the amount of share capital or other equity interest in such Group Company held by each such shareholder. Except as set forth in Section 3.5(a) of the Disclosure Schedule, each such Group Company (i) is a duly organized and validly existing company or other entity and, where applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization; (ii) is duly qualified or authorized to do business and, where applicable, is in good standing under the Laws of each jurisdiction in which the conduct of its business or the ownership of its properties requires such qualification or authorization, except to the extent that the failure to be so licensed, qualified or in good standing would not adversely affect the ability of the Company to carry out its obligations under, and to consummate the transactions contemplated by, this Agreement and the other Transaction Documents; and (iii) has all requisite corporate or entity power and authority to own, lease and operate its properties and carry on its business as now conducted. None of the Group Companies is a participant in any joint venture, partnership or other similar arrangement, or otherwise owns or Controls (directly or indirectly) any share or interest in any Person.

(b) All the outstanding share capital, registered capital or other equity interest of each Group Company is validly issued, fully paid and non-assessable and are owned free and clear of all Liens (other than any Liens created under the Control Documents by the Persons and in such amounts as indicated in Section 3.5(a) of the Disclosure Schedule. Except as contemplated by the Transaction Documents, as provided in the Existing Articles, the Existing Shareholders Agreements or the Control Documents, there are no outstanding options, warrants, rights (including conversion or preemptive rights and rights of first refusal), subscriptions, or other rights, proxy or shareholders agreements or Contracts of any kind, either directly or indirectly, entitling the holder thereof to purchase or otherwise acquire or to compel any of the Group Companies (other than the Company) to issue, repurchase or redeem any share or other securities of any Group Company. Except as pursuant to the Transaction Documents, the Existing Articles, the Existing Shareholders Agreements and the Control Documents, no Group Company is a party or subject to any Contract that affects or relates to the voting or giving of written consents with respect to, or the right to cause the registration of, any share or other securities of any Group Company.

(c) The Company has effective Control of the Domestic Company and is the sole beneficiary of the Domestic Company. Based on the good faith judgment of the Company and subject to the Laws of the PRC as of the date hereof and as of the Closing Date, the Control Documents are adequate to establish and maintain the intended captive structure, under which the financial statements of the Domestic Company will be consolidated with those of the other Group Companies in accordance with the Applicable Accounting Standard. The pledge over the entire equity interests of the Domestic Company in favor of the applicable Group Company (other than the Domestic Company) has been duly registered with the competent Government Authority.

(d) Other than the Outgoing Directors, each Person serving as a director, supervisor or legal representative of any Group Company is an employee of the Group Companies.

Section 3.6 Corporate Books and Records. Each Group Company has provided to the Purchaser or its counsels a copy of its minute books. Except as disclosed in Section 3.6 of the Disclosure Schedule, such copy is true, correct and complete in all material respects, and contains all material amendments and all minutes of meetings and actions taken by the applicable Group Company's shareholders and directors since the time of incorporation through the date hereof, and reflects all transactions referred to in such minutes accurately in all material respects. All board and shareholder resolutions, charter documents (and any amendments thereto) and any other filings of the Group Companies, if required to be filed under applicable Law, have been duly filed with the relevant Government Authority within the required deadlines, except to the extent that the failure to be duly filed would not materially and adversely affect the liability of the Company to carry out its obligations under, and to consummate the transactions contemplated by, this Agreement and the other Transaction Documents.

Section 3.7 Financial Statements.

(a) True and complete copies of (i) the unaudited consolidated balance sheet of the Company for each of the two fiscal years ended December 31, 2012 and 2013, and the related unaudited consolidated statements of income, retained earnings, shareholders' equity and changes in financial position of the Company, together with all related notes and schedules thereto (collectively referred to herein as the "Unaudited Financial Statements"), and (ii) the management accounts of the Group Companies for the period from January 1, 2014 to December 31, 2014 (December 31, 2014 is hereinafter referred to as the "Balance Sheet Date") (collectively referred to herein as the "Management Accounts" and, collectively with the Unaudited Financial Statements, the "Financial Statements") have been delivered by the Company to the Purchaser. The Financial Statements (i) were prepared in accordance with the books of account and other financial records of the Group Companies, (ii) present fairly the consolidated financial condition and results of operations of the Group Companies as of the dates thereof and for the periods covered thereby, (iii) have been prepared in accordance with the Applicable Accounting Standard applied on a basis consistent with the past practices of the Group Companies, and (iv) include all adjustments (consisting only of normal recurring accruals) that are necessary for a fair presentation of the consolidated financial condition of the Group Companies and the results of the operations of the Group Companies as of the dates thereof and for the periods covered thereby, clauses (ii), (iii) and (iv) of this sentence being subject, in the case of the Unaudited Financial Statements, to normal year-end adjustments and the absence of notes.

(b) All of the accounts receivable owing to any of the Group Companies, including without limitation all accounts receivable set forth on the Financial Statements, constitute valid and enforceable claims and are good and collectible in the ordinary course of business in all material respects, and reserves therefor shown on the Financial Statements are, based on the good faith judgment of the Company, adequate and on a basis consistent with the Applicable Accounting Standard. To the Knowledge of the Company, there are no material contingent or asserted claims, refusals to pay, or other rights of set-off with respect to any of the Group Companies.

(c) No Group Company has any Liabilities other than (i) Liabilities reflected or reserved in the Financial Statements, and (ii) Liabilities incurred in the ordinary course of business after the Balance Sheet Date which do not and could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(d) The Company has furnished to the Purchaser a business plan and forecast for 2015 (the "Business Plan"). The projected financial information contained in the Business Plan was prepared in good faith, and is based upon assumptions that the Company believes are reasonable in the context in which such projection is made. The Purchaser acknowledges that the projected financial information is not a guarantee of the Company's future performance. Apart from the foregoing, no representation, warranty or undertaking, express or implied, is made as to, and no reliance may be placed on, the completeness, accuracy, correctness or fairness of the information or opinions contained in the Business Plan.

Section 3.8 Certain Operating Metrics. The results of operation of the Group Companies as measured by certain operating metrics (as such operating metrics are defined in Section 3.8 of the Disclosure Schedule) that have been provided to the Purchaser are in all material respects true, accurate and not misleading.

Section 3.9 Absence of Certain Changes. Except as specifically contemplated by the Transaction Documents and except as disclosed in Section 3.9 of the Disclosure Schedule, since the Balance Sheet Date, each Group Company has operated its businesses and assets in the ordinary course consistent with past practice and none of the Group Companies has:

(a) entered into any material transaction that was not in the ordinary course of business consistent with past practice; or made any material changes in the customary methods of operations of any Group Company;

(b) acquired, sold, transferred, leased, subleased, licensed or otherwise disposed of any material properties or assets, or permitted or allowed any material assets to be subject to any Liens (other than Liens for Taxes in the ordinary course of business consistent with past practice that are not yet due and payable), or, except in the ordinary course of business consistent with past practice, discharged or otherwise obtained the release of Liens related to any Group Company or paid or otherwise discharged any Liability;

(c) written down or written up (or failed to write down or write up in accordance with the Applicable Accounting Standard consistent with past practice) the value of any accounts receivable or revalued any of the assets of the Group Companies, other than in the ordinary course of business consistent with past practice and in accordance with the Applicable Accounting Standard;

(d) made any change in any method of accounting or accounting practice or policy used by any Group Company, other than such changes required by the Applicable Accounting Standard;

(e) amended, terminated, cancelled or compromised any material claim of any Group Company or waived any other material right of value to any Group Company;

(f) issued or sold any equity or debt securities, or any option, warrant or other right to acquire the same, of any Group Company; or redeemed any equity interest in any Group Company or declared, made or paid any dividends or other distributions (whether in cash, securities or other property) to the holders of equity interests in any Group Company;

(g) made any capital expenditure or commitment for any capital expenditure in excess of US\$500,000 (or the equivalent thereof in another currency) individually or US\$1,000,000 (or the equivalent thereof in another currency) in the aggregate;

(h) made, revoked or changed any Tax election or method of Tax accounting or settled or compromised any Liability with respect to Taxes of any Group Company;

(i) incurred any Indebtedness; failed to pay any creditor any amount owed to such creditor when due; or incurred any Liability except (A) Liabilities incurred in the ordinary course of business consistent with past practice or (B) Liabilities that do not exceed US\$500,000 individually (or the equivalent thereof in another currency) or US\$1,000,000 (or the equivalent thereof in another currency) in the aggregate;

(j) made any loan to, guaranteed any Indebtedness of or otherwise incurred any Indebtedness on behalf of any Person, other than travel advances and other advances made to employees in the ordinary course of business consistent with past practice;

- (k) made any material change in any compensation or benefit arrangement or agreement with any Senior Managers; or made any amendments or modifications to any Company Share Incentive Plan or issued any Company Share Award thereunder, except as expressly contemplated by this Agreement and the other Transaction Documents;
- (l) entered into any transaction with any Related Party other than in the ordinary course of business on arm's-length basis;
- (m) terminated the employment of, or received any resignation from, any Senior Managers;
- (n) suffered any labor dispute involving any Group Company or any of its respective employees;
- (o) amended, modified or consented to the termination of any Material Contract or the Group Companies' rights thereunder, or entered into any Material Contract;
- (p) amended or restated the memorandum and articles of association (or equivalent organizational documents) of any Group Company;
- (q) suffered any Material Adverse Effect; or
- (r) agreed, whether in writing or otherwise, to take any of the actions specified in this Section 3.9 or granted any options to purchase, rights of first refusal, rights of first offer or any other similar rights or commitments with respect to any of the actions specified in this Section 3.9, except as expressly contemplated by this Agreement and the other Transaction Documents.

Section 3.10 Litigation. Except as disclosed in Section 3.10 of the Disclosure Schedule, there are no Legal Proceedings against any Group Company, or to the Knowledge of the Company, against any employee, officer or director of any Group Company in connection with their relationship with the Group Companies pending or, to the Knowledge of the Company, threatened in writing, including but not limited to any Legal Proceeding that questions the validity of the Transaction Documents, the right of the Company to enter into the Transaction Documents to which the Company, the rights and obligations of the Company to consummate the transactions contemplated by such Transaction Documents. There is no Order in effect against the Company. There is no Legal Proceeding initiated by any Group Company pending or which any of them intends to initiate.

Section 3.11 Title to Properties; Liens and Encumbrances. Each Group Company leases all properties and assets necessary to conduct the Business, and none of such leased properties or assets is owned by the Founders or any other Related Party that is not entered into in the ordinary course of business and not on arm's length basis. Each Group Company has good and marketable title to all its properties and assets, including without limitation all properties and assets set forth on the Financial Statements, and has good title to all its leasehold interests, in each case not being subject to any Liens, except for Liens which (i) have been set forth in Section 3.11 of the Disclosure Schedule; (ii) are created during the ordinary and usual course of business of such Group Company; or (iii) are Liens for Taxes, assessments or other expenses to any Governmental Authority which are not due in payment or in default, or which are in contest with any Taxing Authority in good faith. With respect to leased properties and assets, each Group Company is in compliance in all material respects with all applicable leases. All properties and assets of each Group Company are in a good state of repair and in good working condition other than any normal wear and tear. None of the assets of any Group Company is a state-owned asset.

Section 3.12 Intellectual Property.

(a) Each Group Company owns, has the sufficient rights (including but not limited to the rights of development, maintenance, licensing and sale) to, or otherwise has the licenses to use all Intellectual Property necessary to conduct the Business without conflicting with or infringing upon the rights of any other Person in any material respect. No written claims have been asserted against any Group Company and remain unresolved nor, to the Knowledge of the Company, any threatened claim or demand in writing, by any other Person (i) challenging or questioning any Group Company's validity, enforceability, ownership, right to, or use of any of the Intellectual Property owned or used by any Group Company, or in which any Group Company possess legal rights, or the validity or effectiveness of any license or similar agreement with respect thereto, (ii) alleging any interference, infringement, misappropriation or other violation of the Intellectual Property rights of other Persons, or (iii) alleging any unfair competition or trade practices. No Group Company has received any written communication alleging that such Group Company has violated or, by conducting its business as proposed, would violate any intellectual property rights of other Persons.

(b) Section 3.12(b) of the Disclosure Schedule sets forth a complete list of all registered Intellectual Property of each Group Company. All of such registered Intellectual Property are owned by, registered or applied for solely in the name of the Group Companies.

(c) Each Group Company has taken all commercially reasonable steps and measures to establish and preserve ownership of, or legally sufficient right to, all Intellectual Property material to the Business; and each Group Company has taken all commercially reasonable steps to register, protect, maintain, and safeguard the Intellectual Property material to the Business, including any Intellectual Property for which improper or unauthorized disclosure would impair its value or validity and, except as disclosed in Section 3.12(c) of the Disclosure Schedule, had executed appropriate nondisclosure and confidentiality agreements and made all appropriate filings, registrations and payments of fees in connection with the foregoing. Except as disclosed in Section 3.12(c) of the Disclosure Schedule, to the Knowledge of the Company, there is no infringement, misappropriation or other violation by any other Person of any Intellectual Property of any Group Company.

(d) Each Group Company owns all rights in and to any and all Intellectual Property currently used by such Group Company, or covering or embodied in any past, current or planned activity, service or product of such Group Company, which Intellectual Property was made, developed, conceived, created or written by any consultant retained, or any employee employed, at any time, by such Group Company. To the Knowledge of the Company, no former or current employee, and no former or current consultant, of any Group Company has any rights in any of the Group Companies' Intellectual Property. Each current employee and current consultant engaged by any Group Company as of the Closing has executed a confidential information and invention assignment in a form which has been provided to the Purchaser. To the Knowledge of the Company, none of the Senior Managers, employees, or consultants, currently employed or otherwise engaged by any Group Company, is in violation thereof. No Group Company is using any inventions of any of its employees made prior to or outside the scope of their employment by any Group Company.

(e) No Intellectual Property owned by any Group Company, or in which any Group Company possesses legal rights, and material to the operation of the Business, is the subject of any Lien, except for Liens which (i) are created during the ordinary and usual course of business of such Group Company; or (ii) are Liens for Taxes, assessments or other expenses to any Governmental Authority which are not due in payment or in default, or which are in contest with any Taxing Authority in good faith. No Group Company has (i) transferred or assigned, (ii) granted a license to, or (iii) provided or licensed in source code form, any Intellectual Property material to the Business, owned by any Group Company, or in which any Group Company possesses legal rights, to any Person.

(f) Each of the Founders has assigned and transferred to the Company or another Group Company all of the Intellectual Property previously owned by him, if any, that relates to the Business.

Section 3.13 Taxes.

(a) Each Group Company has duly and timely filed (taking into account any extension of time within which to file) all material Tax Returns as required by applicable Law to have been filed by it and all such Tax Returns are true, correct, and complete in all material respects. Each Group Company has paid in full all Taxes required to be paid by it and no Tax Liens (other than for current Taxes not yet due or payable or which are in contest with any Taxing Authority in good faith) are currently in effect against any of the assets of any Group Company. The provisions for Taxes in the Financial Statements fully reflect all material unpaid Taxes of each Group Company, whether or not assessed or disputed as of the date of the applicable Financial Statements.

(b) No examination or audit of any Tax Returns of any Group Company by any Government Authority is currently in progress or, to the Knowledge of the Company, is threatened in writing. None of the Group Companies is subject to any waivers or extensions of applicable statutes of limitations imposed by any Governmental Authority with respect to Taxes for any past years. Since the Balance Sheet Date, none of the Group Companies has incurred any Taxes other than in the ordinary course of business or in connection with any transactions contemplated under any Transaction Document. None of the Group Companies has received any written claim from a Government Authority in a jurisdiction where a Group Company does not file Tax Returns that such Group Company is or may be subject to taxation by that jurisdiction. None of the Group Companies is treated as a resident for Tax purposes of, or is otherwise subject to income Tax in, a jurisdiction other than the jurisdiction in which it has been established.

(c) Each Group Company has withheld and paid all Taxes required to have been withheld and paid in connection with any material amounts due, owing to or paid to any Person.

(d) Each Group Company is in compliance in all material respects with all terms, conditions and formalities necessary for the continuance of any Tax exemption, Tax holiday, Tax credit, Tax incentive, Tax refund or other Tax reduction agreement or order available under any applicable Tax Law. Except as disclosed in Section 3.13(d) of the Disclosure Schedule, no Group Company has received any written notice of, or has reasonable grounds to believe there is, any planned or threatened cancellation or termination of any such Tax exemption, Tax holiday, Tax credit, Tax incentive, Tax refund or other Tax reduction agreement. To the Knowledge of the Company, each Group Company is in compliance in all material respects with transfer pricing requirements in all jurisdictions in which they are required to comply with applicable transfer pricing regulations, and all the transactions between any Group Company and other related Persons (including any Group Company) have been effected on an arm's length basis. Except as disclosed in Section 3.13(d) of the Disclosure Schedule, all exemptions, reductions and rebates of Taxes granted to any Group Company by a Government Authority are in full force and effect and have not been terminated, except for any termination that would not have a Material Adverse Effect. None of the Group Companies is responsible for Taxes of any other Person by reason of contract, successor liability, operation of Law or otherwise.

(e) The Group Companies have no plan to change method of accounting prior to the Closing Date. The transactions contemplated under this Agreement and the other Transaction Documents to which a Group Company is a party will not result in any Tax exemption, Tax holiday, Tax credit, Tax incentive, Tax refund being revoked, cancelled or terminated or trigger any Tax liability for the Group Companies.

Section 3.14 Material Contracts.

(a) Section 3.14(a) of the Disclosure Schedule lists each of the following currently effective Contracts (other than the Transaction Documents or any document related to the Carved-out Business) to which a Group Company is a party or by which a Group Company is otherwise bound (each such Contract, a "Material Contract") that:

- (i) involves payments (or a series of payments), contingent or otherwise, of US\$100,000 (or the equivalent thereof in another currency) or more individually, in cash, property or services, or extends for more than one year beyond the date of this Agreement;
- (ii) is with a Government Authority;
- (iii) limits or restricts any Group Company's ability to compete or otherwise conduct the Business in any manner, time or place, or that contains any exclusivity or change in control provision;
- (iv) grants a power of attorney, agency or similar authority, except in the ordinary course of business consistent with past practice;
- (v) relates to Indebtedness, provides for an extension of credit, provides for indemnification or any guaranty, or provides for a "keep well" or other agreement to maintain any financial statement condition of another Person;
- (vi) relates to any material Intellectual Property, other than "shrink-wrap" or "off-the-shelf" commercially available software;
- (vii) is a Control Document;

- (viii) is a Related Party Contract that was not entered into in the ordinary course of business or on arm's-length basis;
- (ix) is a material lease;
- (x) is outside the ordinary course of business of any Group Company involving an amount of more than US\$50,000; or
- (xi) is otherwise material to any Group Company or is a Contract on which any Group Company is substantially dependent.

(b) Each Material Contract is a valid and binding agreement of the Group Company that is a party thereto, the performance of which does not and will not violate any applicable Law or Order in any material respect, and is in full force and effect and enforceable in accordance with its terms. Such Group Company has duly performed in all material respects all of its obligations under each Material Contract to the extent that such obligations to perform have accrued, and no breach or default, alleged breach or alleged default, or event which would (with the passage of time, notice or both) constitute a material breach or default thereunder by such Group Company or any other party or obligor with respect thereto, has occurred, or as a result of the execution, delivery, and performance of the Transaction Documents will occur. No Group Company has given written notice that it intends to terminate a Material Contract or that any other party thereto has breached, violated or defaulted under any Material Contract. No Group Company has received any written notice that it has breached, violated or defaulted under any Material Contract or that any other party thereto intends to terminate such Material Contract.

Section 3.15 Compliance with Laws and Other Instruments.

(a) Each Group Company is, and at all times has been, in compliance in all material respects with all Laws and Orders that are applicable to it or to the conduct or operation of the Business or the ownership or use of any of its properties, assets and Intellectual Property.

(b) None of any Group Company nor, to the Knowledge of the Company, any of their respective officers, employees, directors, representatives, distributors or agents, has made, offered, promised, authorized or condoned, or shall make, offer, promise, authorize or condone any Prohibited Payment (as defined below) in connection with the activities of the Company or the negotiation, approval or performance of the Transaction Documents. A "Prohibited Payment" means any gift, transfer or payment of any thing of value that is (A) made in violation of the United States Foreign Corrupt Practices Act, the anti-corruption laws of the PRC or other applicable laws, (B) made to any Government Official with the intent or purpose of: (w) influencing any act or decision of such Government Official in his official capacity, (x) inducing such Government Official to do or omit to do any act in violation of the lawful duty of such Government Official, (y) securing any improper advantage, or (z) inducing such Government Official to use his influence with a government or instrumentality thereof, political party or international organization to affect or influence any act or decision of such government or instrumentality, political party or international organization, in order to assist the Company or any of the Group Companies in obtaining or retaining business for or with, or directing business to, any Person, or (C) made to any Person while aware of a high probability that all or any portion of such thing of value would be paid, promised, offered or give to any Government Official with the intent or purpose described in subsection (B). Prohibited Payment shall not include any gift, transfer or payment of anything of value that is expressly permitted by the applicable Laws of the recipient's country.

(c) None of the Group Companies is in material violation of its business license, nor is in violation of its memorandum of association or articles of association, as appropriate, or equivalent constitutive documents as in effect.

(d) The Group Companies have obtained all material approvals and authorizations (including any and all amendments to such approvals and authorizations) from the relevant Government Authorities and have fulfilled any and all material filings and registration requirements (including any and all amendment requirements) with the relevant Government Authorities required for the operations of the Group Companies. All material filings and registrations with the relevant Government Authorities required in respect of the Group Companies, including but not limited to the registrations with the Ministry of Commerce (or any predecessors), the Ministry of Industry and Information Technology, the State Administration of Industry and Commerce, the State Administration of Foreign Exchange, and tax bureau and the local counterpart of each of the aforementioned PRC Government Authorities, as applicable, have been duly completed in accordance with the relevant Laws. No Group Company has received any written letter or notice from any relevant Government Authority notifying it of the revocation of any material authorization of any Government Authority, permit or license issued to it for material non-compliance or the need for compliance or remedial actions in respect of the activities carried out directly or indirectly by any Group Company. Each Group Company has been conducting its business activities within the permitted scope of business in all material respects and is operating its businesses in compliance with all relevant Laws and Orders in all material respects.

(e) Each holder or beneficiary owner of shares or convertible securities of the Company, including, without limitation, Ordinary Shares and Preference Shares (other than the Purchaser) (each, a “Company Security Holder”), who is subject to any of the registration or reporting requirements of Circular 37 has been in compliance in all material respects with such reporting and/or registration requirements under Circular 37 and any other then applicable SAFE Regulations (collectively, the “SAFE Regulations”). To the Knowledge of the Company, none of the Company Security Holders and the Group Companies has received any written inquiries, notifications, orders or any other written forms of official correspondence from SAFE or any of its local branches with respect to any actual or alleged material non-compliance with the SAFE Regulations and the Company and, to the Knowledge of the Company, the Company Security Holders have made all written filings, registrations, reporting or any other oral or written communications required by SAFE or any of its local branches.

(f) (i) Neither any Group Company nor any director, officer or employee or, to the Knowledge of the Company, any agent or representative of any Group Company, is an individual or entity that is, or is owned or controlled by a Person that is: (A) the subject of any sanctions administered or enforced by the U.S. Department of Treasury’s Office of Foreign Assets Control, the United Nations Security Council, the European Union, Her Majesty’s Treasury, or other relevant sanctions authority (collectively, “Sanctions”), nor (B) located, organized or resident in a country or territory that is the subject of Sanctions (including, without limitation, Cuba, Iran, North Korea, Sudan and Syria) and (ii) for the past five years none of the Group Companies has knowingly engaged in, is now knowingly engaged in, and will engage in, any dealings or transactions with any Person, or in any country or territory, that at the time of the dealing or transaction is or was the subject of Sanctions.

Section 3.16 Employee Matters. Section 3.16 of the Disclosure Schedule contains a complete and correct list of all Senior Managers of the Group Companies as of the date hereof. To the Knowledge of the Company, all Senior Managers and all other full time employees of each Group Company are devoting their full professional time to the Group Company. To the Knowledge of the Company, no employee of any Group Company is in material violation of any Law or Order, or any provision of any Contract, relating to such employee's relationship with the Group Companies. Except for the Company Share Incentive Plan, or as required by applicable Law, or other standard employee benefits, none of the Group Companies has any Benefit Plan. For purposes hereof, "Benefit Plan" means any plan, Contract or other arrangement, formal or informal, whether oral or written, providing any benefit to any present or former officer, director or employee, or dependent or beneficiary thereof, including any employment agreement or profit sharing, deferred compensation, share option, performance share, employee share purchase, severance, retirement, health or insurance plan. To the Knowledge of the Company, no Senior Manager has tendered any resignation notice to any Group Company, and none of the Group Companies has a present intention to terminate the employment of any of the Senior Managers, except for the Persons named in a list separately provided to the Purchaser. There is no labor strike, labor slow down, labor claim, labor dispute or labor union organization activities or, to the Knowledge of the Company, threatened in writing between any Group Company and its employees. Each Group Company has complied in all material respects with all applicable Laws related to employment and related to the Benefit Plans (including Laws related to the contribution of social insurance and related benefits), employment practices generally applied to other entities in similar industry as such Group Company in the jurisdiction where such Group Company is incorporated, and the terms and conditions of employment, in each case, with respect to its employees; (b) has paid all material wages, benefits and other required payments in the ordinary course of business; (c) is not materially liable for any arrears of wages or any Taxes or any penalty for failure to comply with any of the foregoing; and (d) other than as required by applicable Law, is not materially liable for any payment to any trust or other fund governed by or maintained by or on behalf of any Government Authority, with respect to unemployment compensation benefits, social security or other benefits or obligations for employees. No complaint or grievance relating to the labor practices of any of the Group Companies is pending or, to the Knowledge of the Company, threatened in writing against any of the Group Companies, and no material charges are pending or, to the Knowledge of the Company, threatened in writing before any Government Authority responsible for the prevention of unlawful employment practices with respect to any of the Group Companies.

Section 3.17 Transactions with Related Parties.

(a) Other than Contracts not entered into in the ordinary course of business, all Contracts (other than (A) the Transaction Documents, (B) the employment agreements, (C) the confidential information, invention assignment, non-compete and non-solicitation agreements, and (D) the award agreements entered into pursuant to the Company Share Incentive Plan) to or by which any Group Company, on the one hand, and any Related Party, on the other hand, are or have been a party or otherwise bound or affected (the "Related Party Contracts") are set forth in Section 3.17(a) of the Disclosure Schedule. Each Related Party Contract was made on terms and conditions as favorable to such Group Company as would have been obtainable by it at the time in a comparable arm's-length transaction with an unrelated party.

(a) No Related Party has any direct or indirect ownership in any Person with which any Group Company has a business relationship, or any Person that competes with or could reasonably be expected to compete with any Group Company, except for ownership of less than one percent (1%) of any class or other equity of publicly traded companies. Except for transactions in the ordinary course of the business of a Group Company on terms and conditions as favorable to the Group Companies as would have been obtainable by them at the time in a comparable arm's-length transaction with an unrelated party, no Related Party has any Contract with, proposed transaction with, or is indebted to, any Group Company, nor is any Group Company indebted (or committed to make loans or extend or guarantee credit) to any of them (other than for accrued salaries, reimbursable expenses or other standard employee benefits). No Related Party has had, either directly or indirectly, a material interest in: (i) any Person which purchases from or sells, licenses or furnishes to a Group Company any goods, property, intellectual or other property rights or services; or (ii) any Contract to which a Group Company is a party or by which it may be bound or affected.

Section 3.18 Material Licenses. Each Group Company has all the Material Licenses for the conduct of the Business as now being conducted, and the Group Companies reasonably believe that they could obtain all the Material Licenses for the conduct of Business as currently proposed to be conducted. Section 3.18 of the Disclosure Schedule contains a complete and correct list of all Material Licenses held by each Group Company and the termination date of each such Material License. The Material Licenses currently held by the Group Company are in full force and effect for not less than one (1) year after the Closing. No other Material License is necessary for, or otherwise material to, the conduct of the Business by any such Person. The consummation of the transactions contemplated under the Transaction Documents will not result in the termination or revocation of any of the Material Licenses. None of the Group Companies is in material default under any of its Material Licenses and has not received any written notice relating to the suspension, revocation or modification of any such Material Licenses.

Section 3.19 Entire Business. There are no facilities, services, assets or properties shared with any other Person (other than with any other Group Company), which are used in connection with the Business of the Group Companies.

Section 3.20 Office or Branch Locations. Except as disclosed in Section 3.20 of the Disclosure Schedule, the Group Companies do not maintain any office or branch.

Section 3.21 Full Disclosure. Neither information provided by the Warrantors in this Agreement nor in any Exhibit or Schedule hereto contains any untrue statement of any material fact or omits to state any material fact necessary in order to make the statements contained herein or therein not misleading.

Section 3.22 Brokers. Except as disclosed in Section 3.22 of the Disclosure Schedule, no broker, finder or investment banker is entitled to receive from any Group Company any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of any Group Company.

Section 3.23 Amount Due to Option Holders. The Group Companies have no outstanding payment obligations to any former or current holders of Company Share Awards due to their exercise of the Company Share Awards, through cashless exercise or other manner, or repurchase of Company Share Awards or others permitted under the Company Share Incentive Plan, other than US\$2,990,000 owed to Mr. NI Jun, the chief technology officer of the Company, due to his cashless exercise of Company Share Awards pursuant to an option exercise agreement dated February 21, 2014 between the Company, Mr. NI Jun and Force Fame Limited, a holding company wholly owned by Mr. NI Jun (the "Amount Owed due to CTO Cashless Exercise").

Section 3.24 No Other Representations or Warranties. Except for the representations and warranties contained in this Article III, none of the Warrantors makes any representation or warranty, express or implied, at law or in equity, with respect to any Group Company or their business, assets or properties, employees, agents, or any other information provided to the Purchaser, its Affiliates or their representatives in connection with the transactions contemplated hereby. None of the Warrantors will have or be subject to any liability or indemnification obligation to the Purchaser, its Affiliates or their representatives resulting from the distribution, or making available, to such persons, or such persons' use of, any such information, including any documents, projections, forecasts or other materials made available to the Purchaser, its Affiliates or their representatives in connection with the transactions contemplated hereby. The Purchaser agrees that none of the Warrantors is making any representation or warranty, expressed or implied, with respect to the result of or consequences related to or arising out of the operation of the Group Companies by the Purchaser after the Closing Date.

#### ARTICLE IV

##### Representations and Warranties with Respect to Selling Shareholders

Each Selling Shareholder represents and warrants, severally and not jointly, to the Purchaser that the statements contained in this Article IV (other than Section 4.5 and Section 4.7) with respect only to such Selling Shareholder, each of the Founders represents and warrants, severally and not jointly, to the Purchaser that the statements contained in Section 4.5 with respect only to such Founder, and Baidu Holdings Limited represents and warrants to the Purchaser that the statements contained in Section 4.7, are true, correct and complete as of the date hereof and as of the Closing Date (unless any representations and warranties expressly relate to another date, in which case as of such other date).

##### Section 4.1 Capacity.

(a) If such Selling Shareholder is a natural person, such Selling Shareholder is of sound mind, has the legal capacity to enter into this Agreement and the other Transaction Documents to which he or she is a party, has entered into or will enter into this Agreement and the other Transaction Documents to which he or she is a party on his or her own will, and understands the nature of the obligations to be assumed by him or her under this Agreement and the other Transaction Documents to which he or she is a party.

(b) If such Selling Shareholder is not a natural person, such Selling Shareholder is duly organized, validly existing and in good standing under the Laws of the place of its incorporation or formation, and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now conducted.

Section 4.2 Authorization. Such Selling Shareholder has all requisite power and authority to execute and deliver this Agreement and the other Transaction Documents to which such Selling Shareholder is a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. If such Selling Shareholder is not a natural person, the execution and delivery of this Agreement and the other Transaction Documents to which such Selling Shareholder is a party and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of such Selling Shareholder. This Agreement has been, and each of the other Transaction Documents to which such Selling Shareholder is a party will be at or prior to the Closing, duly and validly executed and delivered by such Selling Shareholder and (assuming the due authorization, execution and delivery by the other parties hereto and thereto) this Agreement constitutes, and the other Transaction Documents to which such Selling Shareholder is a party will constitute, the legal, valid and binding obligations of such Selling Shareholder, enforceable against it in accordance with their respective terms, except as enforcement may be limited by general principles of equity, whether applied in a court of Law or a court of equity, and by applicable bankruptcy, insolvency and similar Law affecting creditors' rights and remedies generally.

Section 4.3 Conflicts; Consents of Third Parties.

(a) None of the execution, delivery and performance by such Selling Shareholder of this Agreement or the other Transaction Documents to which such Selling Shareholder is a party, the consummation of the transactions contemplated hereby or thereby, or compliance by such Selling Shareholder with any of the provisions hereof or thereof will breach or conflict with, or result in any violation of or default under (with or without notice or lapse of time, or both), any provision of (i) the memorandum and articles of association or comparable organizational documents of such Selling Shareholder (if such Selling Shareholder is not a natural person) or (ii) any Law or Order applicable to such Selling Shareholder; in each case of (i) and (ii), except as would not, individually or in the aggregate, materially and adversely affect the ability of such Selling Shareholder to carry out its obligations hereunder and under the other Transactions Documents to which it is a party and to consummate the transactions contemplated hereby and thereby.

(b) No consent, waiver, approval, Order, Permit or authorization of, or declaration or filing with, or notification to, any Government Authority or any other Person is required to be obtained or completed by such Selling Shareholder in connection with the execution and delivery of this Agreement or the other Transaction Documents or the compliance by such Selling Shareholder with any of the provisions hereof or thereof, or the consummation of the transactions contemplated hereby or thereby, except (y) where failure to obtain such consent, waiver, approval, Order, Permit or authorization, or make such declaration or filing, would not prevent or materially delay the consummation by such Selling Shareholder of the transactions contemplated by this Agreement and the other Transaction Documents to which such Selling Shareholder is a party or (z) as may be necessary as a result of any facts or circumstances relating solely to the Purchaser or any of its Affiliates (including revenues thereof).

Section 4.4 Ownership and Transfer of Shares. Such Selling Shareholder is the record and beneficial owner of the Purchased Shares of such Selling Shareholder, free and clear of all Liens. Such Selling Shareholder has the power to sell, transfer, assign and deliver its Purchased Shares as provided in this Agreement and, upon transfer and delivery of the Purchased Shares to the Purchaser and payment therefor in accordance with this Agreement and entry of the name of the Purchaser as the holder of the Purchased Shares in the register of members of the Company, such transfer and delivery will convey to the Purchaser good and marketable title to such Shares, free and clear of all Liens. Each Purchased Share of such Selling Shareholder is duly authorized, validly issued, fully paid and non-assessable.

Section 4.5 No Undisclosed Interest. None of the Founders and his Affiliates is, a direct or indirect participant in any joint venture, partnership or other similar arrangement, or otherwise owns or Controls (directly or indirectly) any equity interest in any Person, other than such equity interests as set forth in Section 3.4(b) or Section 3.5(a) of the Disclosure Schedule and equity interest representing no more than 1% of the issued and outstanding share capital of any Person whose shares are listed for trading on a national or international stock exchange.

Section 4.6 Brokers. Except as disclosed in Section 3.22 of the Disclosure Schedule, no broker, finder or investment banker is entitled to receive from any Group Company any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of such Selling Shareholder.

Section 4.7 Board Observer. Baidu Holdings Limited represents and warrants that its right to appoint an observer to the board of directors of the Company will terminate, effective as of and conditional upon the Closing.

Section 4.8 No Other Representations or Warranties. Except for the representations and warranties contained in this Article IV, none of the Selling Shareholders makes any representation or warranty, express or implied, at law or in equity, with respect to any of them or their business, assets or properties, employees, agents, or any other information provided to the Purchaser, its Affiliates or their representatives in connection with the transactions contemplated hereby. None of the Selling Shareholders will have or be subject to any liability or indemnification obligation to the Purchaser, its Affiliates or their representatives resulting from the distribution, or making available, to such persons, or such persons' use of, any such information, including any documents, projections, forecasts or other materials made available to the Purchaser, its Affiliates or their representatives in connection with the transactions contemplated hereby. The Purchaser agrees that none of the Selling Shareholders is making any representation or warranty, expressed or implied, with respect to the result of or consequences related to or arising out of the operation of the Group Companies by the Purchaser after the Closing Date.

## ARTICLE V

### Representations and Warranties of Purchaser

Except as disclosed in the SEC Reports filed with, or furnished to, the SEC prior to the date hereof (other than disclosure in the SEC Reports contained in the "Risk Factors" and "Forward-Looking Statements" sections thereof or any other disclosures of risks or uncertainties in the SEC Reports which are nonspecific, cautionary, predictive or forward-looking in nature), the Purchaser represents and warrants to the Warrantors and the Selling Shareholders that the statements contained in this Article V are true and correct as of the date hereof and as of the Closing Date (unless any representations and warranties expressly relate to another date, in which case as of such other date):

Section 5.1 Organization and Good Standing. The Purchaser is duly organized, validly existing and in good standing under the Laws of the Cayman Islands, and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now conducted.

Section 5.2 Authorization. The Purchaser has all requisite power and authority to execute and deliver this Agreement and the other Transaction Documents to which the Purchaser is a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the other Transaction Documents to which the Purchaser is a party and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of the Purchaser. This Agreement has been, and each of the other Transaction Documents to which the Purchaser is a party will be at or prior to the Closing, duly and validly executed and delivered by the Purchaser and (assuming the due authorization, execution and delivery by the other parties hereto and thereto) this Agreement constitutes, and the other Transaction Documents to which the Purchaser is a party will constitute, the legal, valid and binding obligations of the Purchaser, enforceable against it in accordance with their respective terms, except as enforcement may be limited by general principles of equity, whether applied in a court of Law or a court of equity, and by applicable bankruptcy, insolvency and similar Law affecting creditors' rights and remedies generally.

Section 5.3 Conflicts.

(a) Except as may result from any facts or circumstances relating solely to the Company or any of its Affiliates (including revenues thereof), or except as contemplated by this Agreement, none of the execution, delivery and performance by the Purchaser of this Agreement or the other Transaction Documents to which the Purchaser is a party, the consummation of the transactions contemplated hereby or thereby, or compliance by the Purchaser with any of the provisions hereof or thereof will breach or conflict with, or result in any violation of or default under (with or without notice or lapse of time, or both), any provision of (i) the memorandum and articles of association of the Purchaser; (ii) any Order or Law applicable to the Purchaser, (iii) any material Contract or material license of the Purchaser; or (iv) any Order applicable to the Purchaser or by which any of the properties or assets of the Purchaser are bound; in each case of (i) to (iv), except as would not, individually or in the aggregate, materially and adversely affect the ability of the Purchaser to carry out its obligations hereunder and under the other Transactions Documents to which it is a party and to consummate the transactions contemplated hereby and thereby.

(b) No consent, waiver, approval, Order, Permit or authorization of, or declaration or filing with, or notification to, any Government Authority or any other Person is required to be obtained or completed by the Purchaser in connection with the execution and delivery of this Agreement or the other Transaction Documents or the compliance by the Purchaser with any of the provisions hereof or thereof, or the consummation of the transactions contemplated hereby or thereby, except (i) where failure to obtain such consent, waiver, approval, Order, Permit or authorization, or make such declaration or filing, would not prevent or materially delay the consummation by the Purchaser of the transactions contemplated by this Agreement and the other Transaction Documents to which the Purchaser is a party or (ii) as may be necessary as a result of any facts or circumstances relating solely to any party hereof or any of its Affiliates.

Section 5.4 Brokers. No broker, finder or investment banker is entitled to receive from any Group Company any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of the Purchaser.

Section 5.5 SEC Reports.

(a) The Purchaser has timely filed or furnished, as applicable, all forms, reports and documents required to be filed or furnished by it with the SEC since November 1, 2013 pursuant to the Securities Act or the Securities Exchange Act (such forms, reports and documents so filed, furnished or provided, including any amendment thereto, collectively, the "SEC Reports"). As of their respective dates of filing (and as of the date of any amendment or incorporation by reference), each of the SEC Reports (i) complied in all material respects with the applicable requirements of the Securities Act and the Exchange Act, each as in effect on the dates of such SEC Report and (ii) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(b) Since the date of the latest SEC Report, (i) the Purchaser and its Subsidiaries have operated their respective businesses in all material respects in the ordinary course of business consistent with past practice and (ii) no fact or event has occurred or circumstance or change has arisen that, individually or in the aggregate, has had or would reasonably be likely to have a Purchaser Material Adverse Effect.

(c) The financial statements (including the related notes and schedules) of the Purchaser and its consolidated Subsidiaries (the "Purchaser Financial Statements") included in the SEC Reports (i) have been prepared in accordance with Applicable Accounting Standard applied on a consistent basis during the periods involved and (ii) fairly present in all material respects the consolidated financial position of the Purchaser and its consolidated Subsidiaries as of the dates thereof and the consolidated results of operations, shareholders' equity and cash flows of the Purchaser and its consolidated Subsidiaries for the periods then ended.

(d) The Purchaser and its Subsidiaries have no Liabilities that would have a Purchaser Material Adverse Effect other than (i) Liabilities reflected, accrued or reserved in the most recent audited balance sheet included in the Purchaser Financial Statements as of the date hereof, (ii) Liabilities incurred by the Purchaser or any of its Subsidiaries after the most recent audited balance sheet included in the Purchaser Financial Statements in the ordinary course of business consistent with past practice or otherwise disclosed in the SEC Reports, and (iii) Liabilities incurred in connection with this Agreement or other Transaction Documents.

Section 5.6 Share Capital. The authorized share capital of the Purchaser consists of 4,800,000,000 Purchaser Shares and 200,000,000 Class B ordinary shares, par value US\$0.00001 per share. As of the date hereof, 176,375,211 ordinary shares of the Purchaser are issued and outstanding. Since the date of the latest SEC Report, the Purchaser has not issued or sold any equity securities or any rights, warrants, convertible instruments in any form or by any nature which could directly or indirectly be convertible into or exchangeable for equity securities of the Purchaser, except for options, restricted share units or other awards granted under the Purchaser Share Incentive Plan that entitle the holders thereof to receive Purchaser Shares upon the vesting or exercising of such awards and Purchaser Shares issued pursuant to the awards granted under the Purchaser Share Incentive Plan. The Share Portion of Purchase Price, when issued in accordance with the terms hereof and entered in the register of members of the Purchaser, shall be duly authorized, validly issued, fully paid and non-assessable and free from any Liens, except for any transfer restrictions imposed under Rule 144 under the Securities Act and other applicable Securities Laws and Section 6.21 of this Agreement. The holding period applicable to the Share Portion of Purchase Price held by a Selling Shareholder, if such Selling Shareholder is not an Affiliate of the Purchaser, under Rule 144 shall be no more than six (6) months after the date of issuance by the Purchaser. Assuming there is no issuance of any equity securities or any rights, warrants, convertible instruments in any form or by any nature which could directly or indirectly be converted into or exchanged for equity securities of the Purchaser after the date hereof other than expressly contemplated hereunder, the Share Portion of Purchase Price represents in aggregate 2.7% of the Purchaser's total outstanding ordinary shares immediately after the Closing.

Section 5.7 Funding. The Purchaser has sufficient funds to pay the Cash Portion of Purchase Price as of the Closing Date and any other amounts required to be paid at or after Closing in connection with the consummation of the transactions contemplated hereby.

Section 5.8 Compliance with Laws. Each of Purchaser and its consolidated Subsidiaries: (i) is conducting its business in compliance with Laws and governmental Orders, in each case to the extent applicable to Purchaser and its Subsidiaries, in all material respects; and (ii) has and is in all material respects in compliance with all governmental authorizations necessary to permit it to lawfully conduct its business as presently conducted, and has made all filings, applications and registrations with all Governmental Authorities that are required in order to own or lease their properties and to lawfully operate its business as presently conducted.

Section 5.9 Full Disclosure. Neither information provided by the Purchaser in this Agreement nor in any Exhibit or Schedule hereto contains any untrue statement of any material fact or omits to state any material fact necessary in order to make the statements contained herein or therein not misleading.

Section 5.10 No Other Representations or Warranties. Except for the representations and warranties contained in this Article V, the Purchaser makes no representation or warranty, express or implied, at law or in equity, with respect to it or its business, assets or properties, employees, agents, or any other information provided to the Warrantors and the Selling Shareholders, their Affiliates or their representatives in connection with the transactions contemplated hereby. The Purchaser will not have or be subject to any liability or indemnification obligation to the Warrantors or the Selling Shareholders, their Affiliates or their representatives resulting from the distribution, or making available, to such persons, or such persons' use of, any such information, including any documents, projections, forecasts or other materials made available to the Warrantors and the Selling Shareholders, its Affiliates or their representatives in connection with the transactions contemplated hereby.

## ARTICLE VI

### Covenants

Section 6.1 Access to Information. Following the date hereof until the earlier of (a) the Closing and (b) the termination of this Agreement pursuant to Section 8.1, subject to applicable Law or the terms of any Contract to which any Group Company is subject, the Purchaser shall be entitled to make, during normal business hours, such investigation of the properties, assets, businesses and operations of the Group Companies and such examination of the books and records of the Group Companies as it may reasonably request from time to time upon reasonable advance notice to the relevant Group Company and to make extracts and copies of such books and records, provided that the Company or the other Warrantors shall not be required to (A) take or allow actions that would unreasonably interfere with the operation of the business of any Group Company, or (B) provide access to or furnish any information if the Company reasonably believes that refusal to provide access or furnish information is necessary to preserve the attorney-client privilege, to protect highly confidential proprietary information or core or sensitive operating data or for other similar reasons. Subject to the Purchaser's compliance with the preceding sentence, the Company and the other Warrantors shall cause the Group Companies and each of the Group Companies' respective Senior Managers, directors, accountants, attorneys and other representatives to: (a) afford the officers, accountants, attorneys and other representatives of the Purchaser access, during regular business hours, to the offices, properties, facilities, books and records of each Group Company, and (b) furnish to the officers, accountants, attorneys and other representatives of the Purchaser such additional financial data and other information regarding the assets, properties, liabilities and goodwill of each Group Company as the Purchaser may from time to time request.

Section 6.2 Notice of Developments.

(a) Following the date hereof until the earlier of (a) the Closing and (b) the termination of this Agreement pursuant to Section 8.1, each Selling Shareholder and the Warrantors shall promptly notify the Purchaser in writing of all events, circumstances, facts and occurrences arising subsequent to the date of this Agreement which could result in any breach of a representation or warranty or covenant or agreement of such Selling Shareholder or the Warrantors in this Agreement, as the case may be, which could have the effect of making any representation or warranty of such Selling Shareholder or the Warrantors, as the case may be, untrue or incorrect in any respect, or which could result in any of the conditions set forth in Section 7.1 and Section 7.2 not to be satisfied on or before the Long Stop Date. Following the date hereof until the earlier of (a) the Closing and (b) the termination of this Agreement pursuant to Section 8.1, the Warrantors shall promptly notify the Purchaser in writing of all other material developments affecting the assets, Liabilities, business, financial condition, operations, result of operations, client relationships, employee relations, projections or prospects of any Group Company.

(b) Following the date hereof until the earlier of (a) the Closing and (b) the termination of this Agreement pursuant to Section 8.1, the Purchaser shall promptly notify the Selling Shareholders and the Warrantors in writing of all events, circumstances, facts and occurrences arising subsequent to the date of this Agreement which could result in any breach of a representation or warranty or covenant or agreement of the Purchaser in this Agreement, which could have the effect of making any representation or warranty of the Purchaser untrue or incorrect in any respect, or which could result in any of the conditions set forth in Section 7.1 and Section 7.3 not to be satisfied on or before the Long Stop Date.

Section 6.3 Conduct of the Business Pending the Closing. Between the date hereof and the earlier of (a) the Closing and (b) the termination of this Agreement pursuant to Section 8.1, except (x) as required by applicable Law, (y) as otherwise required by this Agreement or at the Purchaser's request or with the Purchaser's permission, including without limitation any action taken for the purpose of carving out the Carved-out Business, or (z) with the prior written consent of the Purchaser, the Company shall, and shall cause the other Group Companies to, and the Warrantors shall cause the Company and the other Group Companies to:

- (a) conduct the respective Businesses of the Group Companies in the ordinary course and consistent with the Group Companies' past practice;
- (b) not increase its indemnification protection currently available to the directors and officers of the Group Companies;
- (c) use their commercially reasonable efforts to (i) preserve the present business operations, organization and goodwill of the Group Companies, (ii) keep available the services of its current officers and employees, (iii) preserve the present relationships with clients of the Group Companies, and (iv) not engage in any practice, take any action, fail to take any action or enter into any transaction which could cause any representation or warranty of the Warrantors or the Selling Shareholders in this Agreement to be untrue or result in a breach of any covenant made by the Warrantors or any Selling Shareholder in this Agreement; and
- (d) not take any of the actions enumerated in Section 3.9.

Section 6.4 [Intentionally Left Blank.]

Section 6.5 Further Assurances. Each Party shall use (and the Company shall cause each other Group Company to use) its commercially reasonable efforts to (a) take all actions necessary or appropriate and do all things (including to execute and deliver documents and other papers) necessary, proper or advisable to consummate the transactions contemplated by this Agreement and (b) cause the fulfillment at the earliest practicable date of all of the conditions to their respective obligations to consummate the transactions contemplated by this Agreement.

Section 6.6 Confidentiality and Publicity.

(a) Each Party agrees to, and shall cause its agents, representatives, Affiliates, employees, officers and directors to treat and hold as confidential (and not disclose or provide access to any Person to) all confidential or proprietary information with respect to the other parties, the Business or the Group Companies or relating to the transactions contemplated hereby; provided, however, that this Section 6.6(a) shall not apply to (i) any information that, at the time of disclosure, is in the public domain and was not disclosed in breach of this Agreement by any Party or any of its agents, representatives, Affiliates, employees, officers or directors, or (ii) any information that is required to be disclosed by Law or Government Authority, provided that in such event (except that information is required to be disclosed in the Purchaser's filing or reporting with the SEC as required under applicable securities law, including the Purchaser's annual report on Form 20-F) the Party being required to make such disclosure shall provide the other Parties with prompt written notice of such requirement so that such other Party or Parties may seek a protective order or other remedy or waive compliance with this Section 6.6(a) and, in the event that such protective order or other remedy is not obtained, or such other Party or Parties waive compliance with this Section 6.6(a), the Party being required to make such disclosure shall furnish only that portion of such confidential information which is legally required to be provided and exercise its commercially reasonable efforts to obtain assurances that confidential treatment will be accorded such information.

(b) No Party shall make, or cause to be made, any press release or public announcement in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of the Purchaser (in the case of a proposed release or announcement by any Selling Shareholder or the Company) or of the Company and the Selling Shareholders holding at least a majority of interest in the share capital of the Company on a fully diluted and as converted basis (in the case of a proposed release or announcement by the Purchaser), unless otherwise required by Law or Government Authority.

Section 6.7 No Promotion. Without the prior written consent of or otherwise agreed in writing to by the other relevant Party and, in the case of the Purchaser being the other relevant Party, whether or not the Purchaser is then a shareholder of the Company and whether or not the Closing is consummated, no Party shall and shall cause its Affiliates not to:

(a) use in advertising, publicity, announcements, or otherwise, the name of such other relevant Party, either alone or in combination of, including, in the case of Purchaser being the other relevant Party, “58.com”, “58同城”, the associated devices and logos of the above brands, or any company name, trade name, trademark, service mark, domain name, device, design, symbol or any abbreviation, contraction or simulation thereof owned or used by the Purchaser or any of its Affiliates; or

(b) represent, directly or indirectly, that any product or services provided by any such Party has been approved or endorsed by the other relevant Party or any of its Affiliates.

Section 6.8 Exclusivity. Between the date of this Agreement and the earlier of (a) the Closing and (b) the termination of this Agreement pursuant to Section 8.1, none of the Warrantors or any of their respective Affiliates, officers, directors, representatives or agents shall, and the Warrantors shall cause the other Group Companies and their respective Affiliates, officers, directors, representatives and agents to not, (i) solicit, initiate, consider, encourage or accept any other proposals or offers from any Person (A) relating to any acquisition or purchase of all or any portion of the equity interests in the Company or any other Group Company or all or any material portion of the assets of the Group Companies, or (B) to enter into any merger, consolidation, business combination, recapitalization, reorganization or other extraordinary business transaction involving or otherwise relating to any Group Company, or (ii) participate in any discussions, conversations, negotiations and other communications regarding, or furnish to any other Person any information with respect to, or otherwise cooperate in any way, assist or participate in, facilitate or encourage any effort or attempt by any other Person to seek to do any of the foregoing. The Warrantors immediately shall, and the Warrantors immediately shall cause the other Group Companies to, cease and cause to be terminated all existing discussions, conversations, negotiations and other communications with any Persons conducted heretofore with respect to any of the foregoing. The Warrantors shall notify the Purchaser promptly if any such proposal or offer, or any inquiry or other contact with any Person with respect thereto, is made and shall, in any such notice to the Purchaser, indicate in reasonable detail the identity of the Person making such proposal, offer, inquiry or contact and the terms and conditions of such proposal, offer, inquiry or other contact. The Warrantors agree not to, and the Warrantors shall cause the other Group Companies not to, without the prior written consent of the Purchaser, release any Person from, or waive any provision of, any confidentiality or standstill agreement to which any Warrantor or Group Company is a party.

Section 6.9 Tax Filing.

(a) The Parties hereby acknowledge, covenant and agree that, subject to Section 6.9(c), (i) the Purchaser shall have no obligation to pay any Tax of any nature that is required by applicable Law to be paid by any Selling Shareholder or its Affiliates or their respective direct and indirect partners, members and shareholders arising out of the transactions contemplated by this Agreement and the other Transaction Documents; and (ii) each Selling Shareholder agrees to bear and pay any Tax of any nature that is required by applicable Laws to be paid by it arising out of the transactions contemplated by this Agreement and the other Transaction Documents.

(b) Each of the Selling Shareholders shall, at their own expenses, as soon as possible within thirty (30) days following the Closing Date (and in any event within the period required by Circular 7), and the Purchaser shall assist each Selling Shareholder to, duly and properly make with the applicable PRC Taxing Authority (being the PRC Taxing Authority to which such filings are to be made pursuant to applicable Law) (the "Relevant PRC Tax Authority") the relevant Tax filings and disclosures that are required by (and shall make such filings and disclosures in accordance with the requirements of) applicable Law (including Circular 7) in connection with the transactions contemplated hereby. After such Tax filing, each Selling Shareholder agrees to use its commercially reasonable efforts to promptly submit all documents supplementally requested by the Relevant PRC Tax Authority in connection with such Tax filing, and give regular updates to the Purchaser and the Company as to the determination (and delivers to the Purchaser and the Company assessment notices, if any, issued by the Relevant PRC Tax Authority in connection with such determination).

(c) To the extent that any Selling Shareholder is determined by the Relevant PRC Tax Authority to be required by applicable Law (including Circular 7) to pay Taxes in connection with the transactions contemplated by this Agreement, the Purchaser shall, within such period of time as required by the Relevant PRC Tax Authority, pay such Taxes out of the Withheld Amount for such Selling Shareholder in the Withheld Funds, and shall provide such Selling Shareholder, as soon as reasonably practicable, with evidence that such Taxes have been paid in the form of a receipt of payment issued by the Relevant PRC Tax Authority, and the Withheld Amount for each Selling Shareholder in the Withheld Funds shall be deemed to have been reduced by the amount of Taxes paid for such Selling Shareholder.

(d) The Purchaser shall indemnify and hold harmless such Selling Shareholder damages, costs, expenses, or liabilities arising out of, resulting from or in connection with the delay or failure of the Purchaser to pay Taxes out of the Withheld Amount for such Selling Shareholder as a result of the Purchaser's willful act or gross negligent under Section 6.9(c) on behalf of such Selling Shareholder.

(e) Notwithstanding anything in this Agreement to the contrary, each Founder shall cooperate with the Company as and to the extent reasonably requested by the Company in connection with the filing of any Tax Returns and in any threatened or actual proceeding with respect to Taxes, including the retention and (upon request) the provision of records.

Section 6.10 Consent and Waiver.

(a) The Company and each Selling Shareholder hereby irrevocably consents to the transactions contemplated hereby and by the other Transaction Documents, and the Carve-Out Plan and hereby irrevocably waives, subject to the Closing taking place, any protective provision, veto rights, right of first refusal, right of first offer, pre-emptive right, co-sale right, or any similar rights that the Company or such Selling Shareholder, as applicable, may have, whether pursuant to the Existing Shareholders Agreements or the Existing Articles or otherwise, in respect of the transactions contemplated hereby and by the other Transaction Documents.

(b) Each Selling Shareholder hereby irrevocably consents to the conversion, effective as of and conditional upon the Closing, of each of its Purchased Shares (to the extent not already an Ordinary Share) into Ordinary Shares as contemplated by Section 2.7 (including, if such Selling Shareholder is a Breaching Selling Shareholder, the conversion contemplated by Section 2.8(b)).

(c) Each Selling Shareholder hereby irrevocably consents to the allocation of the Aggregate Purchase Price among the Selling Shareholders and the Purchase Price for their respective Purchased Shares as contemplated by Schedule A, and agrees that such allocation is consistent with the provisions of the Existing Shareholders Agreements and/or the Existing Articles.

Section 6.11 Mutual Release and Discharge.

(a) Effective as of and contingent upon the Closing, to the fullest extent permitted by applicable Law, each of the Selling Shareholders and Founders, on behalf of itself and on behalf of its shareholders or members, as applicable, assigns and beneficiaries (collectively, the "Shareholder Releasing Persons"), hereby knowingly, voluntarily, unconditionally and irrevocably waives, fully and finally releases, acquits and forever discharges each Group Company, as applicable, assigns and beneficiaries (collectively, the "Shareholder Released Persons") from any and all actions, causes of action, suits, debts, accounts, bonds, bills, covenants, contracts, controversies, obligations, claims, counterclaims, debts, demands, damages, costs, expenses, compensation or liabilities of every kind and any nature whatsoever ("Released Claims"), which such Shareholder Releasing Persons, or any of them, had, has, or may have had arising from, connected or related to, or caused by any event, occurrence, cause or thing, of any type whatsoever, or otherwise, arising or existing, or occurring, in whole or in part, at any time in the past until and including the Closing against any of the Shareholder Released Persons with respect to any Group Company, in each case arising out of, relating to or in connection with such Selling Shareholder's investment in securities in any Group Company, the Existing Articles and/or the Existing Shareholders Agreements (the "Shareholder Release"). The Shareholder Release shall be effective as a full, final and irrevocable accord and satisfaction and release of all of the Released Claims.

(b) Effective as of and contingent upon the Closing, each of the Shareholder Releasing Persons hereby irrevocably and unconditionally covenants to refrain from, directly or indirectly, asserting any claim or demand, or commencing, instituting or causing to be commenced, any proceeding of any kind against any Shareholder Released Person, based upon the Shareholder Release or to seek to recover any amounts in connection therewith or thereunder from and after the Closing. Any Shareholder Released Person may plead this Release as a complete bar to any Released Claims brought in derogation of this covenant not to sue.

(c) Effective as of and contingent upon the Closing, to the fullest extent permitted by applicable Law, each of the Company (on behalf of itself and the other Group Companies) and the Purchaser, on behalf of itself and on behalf of its shareholders or members (other than, for the avoidance of doubt, the Shareholder Releasing Persons), as applicable, assigns and beneficiaries (collectively, the “Company Releasing Persons”), hereby knowingly, voluntarily, unconditionally and irrevocably waives, fully and finally releases, acquits and forever discharges each Shareholder Releasing Person and its shareholders or members, as applicable, assigns and beneficiaries (collectively, the “Company Released Persons”) from any and all Released Claims, which such Company Releasing Persons, or any of them, had, has, or may have had arising from, connected or related to, or caused by any event, occurrence, cause or thing, of any type whatsoever, or otherwise, arising or existing, or occurring, in whole or in part, at any time in the past until and including the Closing against any of the Company Released Persons with respect to any Shareholder Releasing Person, including such Shareholder Releasing Person’s investment in securities in any Group Company or arising out of, relating to or in connection with the Existing Articles and/or the Existing Shareholders Agreements (the “Company Release”). The Company Release shall be effective as a full, final and irrevocable accord and satisfaction and release of all of the Released Claims.

(d) Effective as of and contingent upon the Closing, each of the Company (on behalf of itself and the other Group Companies) and the Purchaser hereby irrevocably and unconditionally covenants to refrain from, directly or indirectly, asserting any claim or demand, or commencing, instituting or causing to be commenced, any proceeding of any kind against any Company Released Person, based upon the Company Release or to seek to recover any amounts in connection therewith or thereunder from and after the Closing. Any Company Released Person may plead this Company Release as a complete bar to any Released Claims brought in derogation of this covenant not to sue.

(e) Each of the Shareholder Releasing Persons, the Company (on behalf of itself and the other Group Companies) and the Purchaser, agrees that if it violates any provision of this Section 6.11, it will pay the costs and expenses of defending against any related or resulting Legal Proceedings incurred by the none-breaching parties, including attorney’s fees.

Section 6.12 Termination of Prior Agreements. Each of the Company and the Selling Shareholders acknowledge and agree that, as of the Closing, the Existing Shareholders Agreements and the Management Rights Letters (which the Selling Shareholders agree to be all the management rights letters or agreements providing them with information rights or management rights by the Company) shall immediately terminate and cease to have any force or effect, without the need for any further action by any party thereto to effect or evidence such termination and without any Liabilities to any Group Company.

Section 6.13 SAFE Regulations. Each Warrantor (other than the Company), to the extent it is subject to or under the jurisdiction of the SAFE Regulations, hereby undertakes to the Company and the Purchaser that it will, and each Warrantor hereby undertakes to the Purchaser to procure that each other shareholder of the Company and holder of any Company Share Award will, comply in all material respects with the requirements of the SAFE Regulations in connection with the transactions contemplated hereby, including to timely and properly make all such filings and registrations, or amend the applicable existing filings and registrations, as applicable, required under Circular 37 in connection with the transactions contemplated hereby.

Section 6.14 Pre-Closing Notifications.

(a) Within one (1) day following the date of this Agreement, the Company shall deliver to the Purchaser a written statement, duly executed by an authorized signatory of the Company, setting forth the Company's good faith calculation of the fees and expenses of the external advisors of the Company in connection with the transactions contemplated hereby and by the other Transaction Documents that have been or will be paid by the Company (the "Estimated Selling Expenses"), including reasonable details of such calculation, and invoice issued by or written confirmation from the external advisors confirming the amount of fees and expenses payable to them by the Company. To the extent that the Purchaser has deducted the Estimated Selling Expenses from the Cash Portion of Purchase Price pursuant to Section 2.6(a), the Purchaser shall pay in full the Estimated Selling Expenses to each external advisor pursuant to such written statement and evidence within five (5) Business Days after the Closing or such shorter period as provided by the agreement signed by such external advisor and the Company. Each external advisor set forth in such written statement shall be third party beneficiary to this Section 6.14(a), and shall have the right to enforce the provisions of this Section 6.14(a) directly to the extent such external advisor may deem such enforcement necessary or advisable to protect its rights hereunder.

(b) Within one (1) day following the date of this Agreement, the Company shall deliver to the Purchaser a written statement, duly executed by an authorized signatory of the Company, setting forth with respect to each Selling Shareholder, details of a bank account or bank accounts designated by such Selling Shareholder at a bank or banks outside the PRC (or a bank account or bank accounts designated by such Selling Shareholder at a bank or banks within the PRC capable of receiving international wires in US\$) for purposes of receiving the payment of the Cash Portion of Purchase Price for such Selling Shareholder at the Closing (the "Selling Shareholder Bank Account" of such Selling Shareholder). Each Selling Shareholder hereby agrees, acknowledges and confirms that any amount of payment by or on behalf of the Purchaser into the Selling Shareholder Bank Account of such Selling Shareholder shall constitute full performance and discharge of the Purchaser's obligation, as applicable, to pay such amount to such Selling Shareholder under this Agreement.

Section 6.15 [Intentionally Left Blank]

Section 6.16 Registrations and Filings. Immediately after the Closing and in no event later than three (3) months after the Closing, each Outgoing Domestic Company Shareholder shall, and shall cause the existing legal representative, directors (or executive director) and supervisor of each of the Domestic Subsidiaries and the Domestic Company to, take all actions and execute all documents as reasonably required by the Purchaser for (i) the de-registration of the equity pledge as contemplated under the Control Documents with the local counterpart of the State Administration for Industry and Commerce, (ii) the registration with the local counterpart of the State Administration for Industry and Commerce of the transfer of all equity interests of the Domestic Company from the Outgoing Domestic Company Shareholders to the Purchaser Domestic Company Shareholder, amendment of the articles of association of the Domestic Company, and change of the legal representative, board chairman, directors and supervisor of the Domestic Company; and (iii) the filing and registration with the local counterpart of each of the Ministry of Commerce and the State Administration for Industry and Commerce of the change of the legal representative, board chairman, directors and supervisor of each Domestic Subsidiary. The Purchaser shall indemnify and hold harmless each Outgoing Domestic Company Shareholder, its assigns and beneficiaries, against any Tax liability arising from the transfer of all equity interests of the Domestic Company from the Outgoing Domestic Company Shareholders to the Purchaser Domestic Company Shareholder, to the extent that the total amount of such Tax liability does not exceed RMB800,000.

Section 6.17 Non-Compete; Non-solicitation.

(a) Each of the Founders undertakes to the Purchaser that he will not, and he will procure that none of his Affiliates will, for a period of two (2) years starting from the Closing Date, directly or indirectly: (i) participate, assist, engage or be interested in, any business or entity in any manner, which is in competition with the business of listing advertisement for realtor and realtor firms, and advertisement for newly developed properties or (ii) solicit in any manner any person who is or has been a customer or client of any Group Company for the purpose of offering to such person any goods or services competing with any of the businesses conducted by any Group Company at any time prior to the Closing, provided, however, that the following shall not constitute a breach of this Section 6.17(a): (i) holding ownership of less than one percent (1%) of any class or other equity of publicly traded companies whose business is in competition with the business carried on by any Group Company, (ii) holding the Purchaser Shares, and (iii) the business of providing mobile platform based real estate transaction O2O services that do not include the business of listing advertisement for realtor and realtor firms and advertisement for newly developed properties.

(b) Each of the Founders undertakes to the Purchaser that he will not, and he will procure that none of his Affiliates will, (i) solicit or entice away, or endeavor to solicit or entice way, or actually employ (including part time) any employees of the Group Companies with a title of vice president or above, within two years starting from the Closing Date, unless otherwise agreed to in writing by the Purchaser, or (ii) solicit or entice away, or endeavor to solicit or entice way, or actually employ (including part time) any other employees of the Group Companies within twelve (12) months starting from the Closing Date. For the avoidance of doubt, hiring of (i) any employee of any Group Company with a title below vice president after twelve (12) months following the Closing Date, or (ii) any Person named in a list separately provided to the Purchaser under Section 3.16, shall not constitute a breach of this Section 6.17(b).

Section 6.18 US\$10 Million RSUs. Within three (3) months following the Closing Date, the Purchaser shall grant restricted share units ("Awards") with an aggregate value of US\$10,000,000 determined based on the closing price of the Purchaser Shares as quoted on the New York Stock Exchange on the grant date to the full-time employees of Group Companies, to be determined by the board of directors of the Purchaser acting in good faith, with the terms and conditions of the Awards being subject to the Purchaser Share Incentive Plan effective at the time. The board of directors of the Purchaser shall have the discretion to determine, subject to the Purchaser Share Incentive Plan effective at the time, the number of Awards to be granted to each awardee, and other terms and conditions of any Award granted, provided, however, that the vesting schedule and exercise mechanism shall be determined based on the same standards, procedures and conditions that are applicable to the Purchaser's other employees in same or similar positions, treating all holders of Purchaser RSUs fairly.

Section 6.19 Resignation as CEO. As soon as practicable after the Closing, Mr. Liang Weiping shall resign from the position of chief executive officer of the Company.

Section 6.20 Indemnity of Officers and Directors. The Purchaser shall, and shall cause the Company and its Subsidiaries to, comply with the protection and indemnification obligations currently afforded to the directors and officers of the Group Companies, as provided for in the organizational documents of the Company and its Subsidiaries and any indemnification agreements in effect as of the date hereof (to the extent consistent with applicable Law).

Section 6.21 Lock-up. Each of the Selling Shareholders who will receive Purchaser Shares as part or all of the Purchase Price for the Purchased Shares of such Selling Shareholder at the Closing (the "Locked-up Selling Shareholders") shall not directly or indirectly sell, transfer, pledge, encumber, assign, loan, or otherwise dispose of (any of the foregoing, a "Transfer") any portion or interest of the Purchaser Shares acquired hereunder, without the prior written consent of the Purchaser for a period of six (6) months following the Closing Date, other than to any Affiliate of Locked-up Selling Shareholders, provided, however, that in such case, it shall be a condition to the Transfer that the transferee execute an agreement stating that the transferee is receiving and holding such Locked-up Selling Shareholder's Purchaser Shares subject to the provisions of this lock-up provision and there shall be no further Transfer except in accordance with this lock-up provision. Any purported sell, transfer, pledge, encumber, assign, loan, or disposal of the Purchaser Shares in violation of the foregoing sentence without prior written consent of the Purchaser shall be null and void.

Section 6.22 Amount Owed due to CTO Cashless Exercise. The Purchaser shall pay to Mr. NI Jun an amount equal to (A) US\$2,990,000 less (B) the amount of Taxes that should be withheld from or paid by such holder in connection with his cashless exercise of Company Share Awards pursuant to the option exercise agreement dated February 21, 2014, to the extent not already withheld or paid, on the Closing Date by wire transfer of immediately available funds in US\$ to a bank account designated by him in writing at least three (3) Business Days prior to the Closing. Mr. NI Jun is expressly made a third party beneficiary to this Section 6.22, and shall have the right to enforce the provisions of this Section 6.22 directly to the extent he may deem such enforcement necessary or advisable to protect his rights hereunder. The Purchaser shall, within such period of time that is required by applicable Taxing Authority, pay or cause the applicable Group Company to pay, the withheld amount on behalf of Mr. NI Jun to the applicable Taxing Authority with respect to the Amount Owed due to CTO Cashless Exercise, and shall obtain a confirmation or other written proof that the withholding Tax has been duly paid by the Purchaser (or the relevant Group Company) on behalf of Mr. NI Jun. To the extent that there is any residual amount after such Tax payment, the Purchaser shall as soon as reasonably practicable after obtaining such confirmation or other proof from the Taxing Authority (but in any event no later than twenty (20) Business Days after receiving such confirmation or proof), return such residual amount, together with interest accrued thereon, if any, to Mr. NI Jun by wire transfer of immediately available funds to the account designated by Mr. NI Jun and notified to the Purchaser in writing at least three (3) Business Days prior to the Closing.

Section 6.23 Departing Employees. Within three (3) days after the Closing, the Warrantors shall have caused all the Persons named in a list separately provided to the Purchaser to resign from the relevant Group Companies.

## ARTICLE VII

### Conditions to Closing

Section 7.1 Conditions Precedent to Obligations of Each Party. The respective obligations of each Party to consummate the transactions contemplated by this Agreement is subject to the fulfillment, on or prior to the Closing Date, of each of the following conditions (any or all of which may be waived by such Party, in its sole discretion, in whole or in part to the extent permitted by applicable Law):

(a) there shall not be in effect any Law or Order by a Government Authority of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby; and

(b) no Legal Proceeding shall have been commenced by or before any Government Authority against such Party seeking to restrain or materially and adversely alter the transactions contemplated by this Agreement which would render it impossible or unlawful to consummate such transactions, provided, however, that the provisions of this Section 7.1(b) shall not apply if such Party has directly or indirectly solicited or encouraged any such Legal Proceeding.

Section 7.2 Conditions Precedent to Obligations of the Purchaser. The obligation of the Purchaser to consummate the transactions contemplated by this Agreement is subject to the fulfillment, on or prior to the Closing Date, of each of the following additional conditions (any or all of which may be waived by the Purchaser, in its sole discretion, in whole or in part to the extent permitted by applicable Law):

(a) (i) the representations and warranties in Section 3.1, Section 3.2, Section 3.3(a), Section 3.3(b), Section 3.5(a) and Section 3.5(b) (the foregoing representations and warranties, collectively, the "Company Fundamental Warranties") and the representations and warranties in Section 4.1, Section 4.2, Section 4.3(a) and Section 4.4 (the foregoing representations and warranties, collectively, the "Selling Shareholder Fundamental Warranties") shall be true and correct in all respects when made and as of the Closing with the same force and effect as if made as of the Closing, except to the extent such representations and warranties relate to another date (in which case such representations and warranties shall be true and correct in all respects as of such other date with the same force and effect as if made as of such other date), and (ii) the representations and warranties set forth in Article III and Article IV (other than those representations and warranties enumerated in this Section 7.2(a)(i)) (A) that are not qualified by "materiality", "Material Adverse Effect" or similar qualifiers shall have been true and correct in all respects when made and shall be true and correct in all material respects as of the Closing with the same force and effect as if made as of the Closing, and (B) that are qualified by "materiality", "Material Adverse Effect" or similar qualifiers shall have been true and correct in all respects when made and as of the Closing with the same force and effect as if made as of the Closing, in each case of (A) and (B), other than such representations and warranties that relate to another date (in which case such representations and warranties shall be true and correct in all respects as of such other date with the same force and effect as if made as of such other date);

(b) (i) the Company shall have performed and complied with, or caused the performance of and compliance with, the obligations under the Carve-out Plan to be performed or complied with on or prior to the Closing Date, and (ii) each of the Company and the Selling Shareholders shall have performed and complied with, in all material respects, each of the obligations and agreements required by this Agreement to be performed or complied with by such Party on or prior to the Closing Date;

(c) from and after the date hereof, there shall have been no change, event, effect or circumstance that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect;

(d) the Purchaser shall have received a certificate signed by an authorized signatory of the Company and each Selling Shareholder, dated the Closing Date, certifying that the conditions set forth in Section 7.2(a), Section 7.2(b) and Section 7.2(c) have been satisfied;

(e) the memorandum and articles of association of the Company shall have been duly amended and restated in the form of the Amended Articles;

(f) each Outgoing Director shall have resigned as a member of the board of directors of the Company (and as officer, director, and/or supervisor of all other Group Companies if such Outgoing Director also serves any such position), and the Purchaser Director shall have been duly appointed to the board of directors of the Company;

(g) the Purchaser shall have received duly executed resignation and release letters, dated as of the Closing Date and in the form of Exhibit B, duly executed by each of the existing directors of the HK Subsidiaries evidencing their resignation as members of the board of directors of the Company (and as officer, director, supervisor and/or observer of all other Group Companies if such person also serves any such position);

(h) the Purchaser shall have received (A) equity transfer agreements, dated as of the Closing Date, duly executed and delivered by each of the Outgoing Domestic Company Shareholders transferring their entire entity interests in the Domestic Company to the Purchaser Domestic Company Shareholder, (B) an amendment to the existing articles of association of the Domestic Company to reflect the transfer of equity interests, (C) a resolution or written decision from the shareholder(s) of the Domestic Company approving the change of shareholders and amendment of the articles of association, (D) application form(s) issued by and reasonably obtainable from the local counterpart of State Administration of Industry and Commerce for the change of shareholders, and the amendment to the articles of association, duly executed by the Domestic Company's existing legal representative and affixed with its company seal, (E) termination agreement, dated as of the Closing Date, duly executed and delivered by each of the Outgoing Domestic Company Shareholders, the Domestic Company and the WFOE terminating the Control Documents to which any of the Outgoing Domestic Company Shareholders is a party, (F) a resolution or written decision from the shareholders of each of the Domestic Company and the WFOE approving the termination of the Control Documents, and (G) application documents and form(s) required by and reasonably obtainable from the local counterpart of the State Administration of Industry and Commerce for de-registration of equity interest pledge contemplated under the Control Documents, duly executed by each of the existing shareholders of the Domestic Company.

(i) the Purchaser shall have received, with respect to each Domestic Subsidiary and the Domestic Company, (A) signed resignation letter from the existing legal representative, the existing board chairman and the existing directors (or the existing executive director) and the existing supervisor of such Person, expressed to take effect from the Closing; (B) a resolution or written decision from the shareholder(s) of each such Person approving (i) the removal of the existing legal representative, chairman of the board of directors and directors (or executive director), and supervisor of such Person; and (ii) the appointment of the Purchaser's nominees as the legal representative, the board chairman, the directors, and the supervisor of such Person, expressed to take effect from the Closing; and (C) application documents and form(s) required by and reasonably obtainable from the local counterpart of the Ministry of Commerce (as applicable) and the State Administration of Industry and Commerce for the change of legal representative, board chairman and directors (or executive director) and supervisor, the amendment to the articles of association, signed by its existing legal representative and affixed with its company seal;

(j) the Purchaser shall have received (i) from Conyers Dill & Pearman, Cayman Islands counsel to the Company and the Selling Shareholders, a legal opinion in form and substance reasonably satisfactory to the Purchaser; and (ii) from Fangda Partners, PRC counsel to the Company and the Selling Shareholders, a legal opinion in form and substance reasonably satisfactory to the Purchaser, in each case of (i) and (ii), addressed to the Company and dated as of the Closing Date;

(k) the Purchaser shall have received a written confirmation from each of the Persons that transferred any of the equity interests in the Domestic Company (other than Mr. Chen Weixing in connection with the transfer of equity interest in the Domestic Company held by him pursuant to a transfer agreement dated as of August 10, 2007 and a transfer agreement dated as of August 24, 2007, in each case by and between Mr. Chen Weixing and Mr. Liang Weiping) to any other Person prior to the date hereof, acknowledging that the consideration payable to him/her for the transfer of such equity interests have been waived by him/her and he has no rights in or claim to such transferred equity interests; and

(l) all domain names set forth under Schedule F shall have been transferred to a Group Company without consideration.

Section 7.3 Conditions Precedent to Obligations of the Company. The obligations of the Company to consummate the transactions contemplated by this Agreement are subject to the fulfillment, prior to or on the Closing Date, of each of the following additional conditions (any or all of which may be waived by the Company in its sole discretion in whole or in part to the extent permitted by applicable Law):

(a) the representations and warranties in Section 5.1, Section 5.2, Section 5.3(a) and Section 5.6 (the foregoing representations and warranties, collectively, the “Purchaser Fundamental Warranties”) shall be true and correct in all respects when made and as of the Closing with the same force and effect as if made as of the Closing, and (ii) the representations and warranties of the Purchaser set forth in this Agreement (other than the Purchaser Fundamental Warranties) shall have been true and correct in all respects when made and shall be true and correct in all material respects as of the Closing with the same force and effect as if made as of the Closing; and

(b) the Purchaser shall have performed and complied with, in all material respects, each of the obligations and agreements required by this Agreement to be performed or complied with by the Purchaser on or prior to the Closing Date.

Section 7.4 Conditions Precedent to Obligations of the Selling Shareholders. The obligations of the Selling Shareholders to consummate the transactions contemplated by this Agreement are subject to the fulfillment, prior to or on the Closing Date, of each of the following additional conditions (any or all of which may be waived by the Selling Shareholders in whole or in part to the extent permitted by applicable Law):

(a) the Purchaser Fundamental Warranties shall be true and correct in all respects when made and as of the Closing with the same force and effect as if made as of the Closing, and (ii) the representations and warranties of the Purchaser set forth in this Agreement (other than the Purchaser Fundamental Warranties ) shall have been true and correct in all respects when made and shall be true and correct in all material respects as of the Closing with the same force and effect as if made as of the Closing; and

(b) the Purchaser shall have performed and complied with, in all material respects, each of the obligations and agreements required by this Agreement to be performed or complied with by the Purchaser on or prior to the Closing Date.

## ARTICLE VIII

### Termination

Section 8.1 Termination of Agreement. This Agreement may be terminated at any time prior to the Closing as follows:

(a) by the Purchaser if, between the date hereof and the Closing, (i) there is a breach of any representation or warranty or failure to perform any covenant or agreement set forth in this Agreement on the part of the Company or any Selling Shareholder set forth in this Agreement and (ii) such breach or failure to perform would cause any of the conditions set forth in Section 7.1 or Section 7.2 not to be satisfied on or before the Long Stop Date and cannot be cured, or if curable, is not cured within twenty (20) days after written notice of such breach is given to the Company or the Selling Shareholders by the Purchaser;

(b) by the Company if, between the date hereof and the Closing, there is a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser set forth in this Agreement, which breach or failure to perform would cause any of the conditions set forth in Section 7.1 or Section 7.3 not to be satisfied on or before the Long Stop Date and cannot be cured, or if curable, is not cured within twenty (20) days after written notice of such breach is given to the Purchaser by the Company;

(c) by the Selling Shareholders if, between the date hereof and the Closing, there is a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser set forth in this Agreement, which breach or failure to perform would cause any of the conditions set forth in Section 7.1 or Section 7.4 not to be satisfied on or before the Long Stop Date and cannot be cured, or if curable, is not cured within twenty (20) days after written notice of such breach is given to the Purchaser by the Selling Shareholders;

(d) by the Purchaser on or after the Long Stop Date if the Closing shall not have occurred by the close of business on the Long Stop Date, provided that the right to terminate this Agreement pursuant to this Section 8.1(d) shall not be available to the Purchaser if its failure to perform any of its obligations under this Agreement shall have resulted in the failure of the Closing to be consummated by the Long Stop Date;

(e) by the Company and the Selling Shareholders, acting jointly, on or after the Long Stop Date if the Closing shall not have occurred by the close of business on the Long Stop Date, provided that the right to terminate this Agreement pursuant to this Section 8.1(e) shall not be available to the Company and the Selling Shareholders if the failure by the Company or any Selling Shareholder to perform any of its obligations under this Agreement shall have resulted in the failure of the Closing to be consummated by the Long Stop Date;

(f) by the Purchaser pursuant to Section 2.8(a)(iii); or

(g) by mutual written consent of the Company, the Selling Shareholders and the Purchaser.

Section 8.2 Procedure Upon Termination. In the event of termination by the Purchaser, the Company or the Selling Shareholders pursuant to Section 8.1 hereof, written notice of such termination shall forthwith be given to the other Parties, and this Agreement shall thereupon terminate without further action by any Party.

Section 8.3 Effect of Termination. In the event that this Agreement is validly terminated in accordance with Section 8.1 and Section 8.2, each of the Parties shall be relieved of their duties and obligations arising under this Agreement after the date of such termination and such termination shall be without liability to any Party; provided, that no such termination shall relieve any Party hereto from liability for a breach of any of its covenants or agreements or its representations and warranties contained in this Agreement prior to the date of termination, and provided, further, that Article I, Section 6.6, Section 6.7, this Section 8.3, and Article X shall survive any such termination.

## ARTICLE IX

### INDEMNIFICATION

Section 9.1 Survival of Representations, Warranties and Covenants. The representations and warranties of each Party contained in this Agreement shall survive the Closing until the date that is eighteen (18) months following the Closing Date; provided, however, the Company Fundamental Warranties, the Selling Shareholder Fundamental Warranties and the Purchaser Fundamental Warranties shall survive the Closing indefinitely, and the representations and warranties set forth in Section 3.13 (Taxes) shall survive the Closing until sixty (60) days after the applicable statute of limitations governing claims arising thereunder. Notwithstanding the foregoing, the covenants or other agreements of the Company, the Selling Shareholders and/or the Purchaser contained in this Agreement that by their terms are to be performed after the Closing shall survive the Closing in accordance with their terms, unless and only to the extent that non-compliance with such covenants or agreements is waived in writing by the Party that is the beneficiary of such covenants or agreements. If written notice of a claim for indemnification has been given in accordance with Section 9.2 prior to the expiration of the applicable representations, warranties or covenants, then the relevant representations, warranties or covenants shall survive as to such claim, until such claim has been finally resolved.

#### Section 9.2 Indemnification.

(a) Indemnification by Selling Shareholders. From and after the Closing, each of the Selling Shareholders shall, severally and not jointly, indemnify, defend and hold harmless the Purchaser and its Affiliates (including, for the avoidance of doubt, the Group Companies from and after the Closing) and their respective officers, directors, employees, agents, successors and permitted assigns (collectively, the "Purchaser Indemnitees") from and against all Liabilities, losses, damages, diminution in value, claims, costs and expenses (including reasonable attorneys' fees and expenses incurred in connection with the investigation or defense of any of the same or in responding to or cooperating with any governmental investigation), interest, awards, judgments, fines and penalties actually suffered or incurred by the Purchaser Indemnitees (in each case, whether absolute, accrued, conditional or otherwise and whether or not resulting from Third Party Claims) (hereinafter "Purchaser Losses") directly arising out of or relating to:

(i) any untrue representation or warranty or breach thereof set forth in Article IV by such Selling Shareholder under this Agreement; or

(ii) any breach or non-fulfillment of any covenant or obligation to be performed by any Selling Shareholder under this Agreement.

(b) Indemnification by Warrantors. From and after the Closing, each of the Warrantors shall, severally and jointly, indemnify, defend and hold harmless (to the fullest extent permitted by applicable Law) the Purchaser Indemnitees from and against all Purchaser Losses directly arising out of or relating to:

(i) any untrue representation or warranty or breach thereof set forth in Article III;

(ii) any breach or non-fulfillment of any covenant or obligation to be performed by any Warrantor under this Agreement;

(iii) any Tax obligations of the Group Companies for all taxable periods ending on or before the Closing Date and the portion of any Straddle Period through the end of the Closing Date, except to the extent that such Taxes are reserved in the Financial Statements; provided that, in the case of any Straddle Period, (A) the amount of any Taxes of the Group Companies based upon or measured by net income or gain which relate to the portion of the Straddle Period through the end of the Closing Date will be determined based on an interim closing of the books as of the close of business on the Closing Date, and (B) the amount of any other Taxes of the Group Companies which relate to the portion of the Straddle Period through the end of the Closing Date will be determined according to an interim closing of the books to the greatest extent possible, and otherwise shall be deemed to be the amount of such Tax for the entire Straddle Period (except to the extent that such Taxes are reserved for in the Financial Statements) multiplied by a fraction, the numerator of which is the number of days in the portion of the Straddle Period through the end of the Closing Date and the denominator of which is the number of days in such Straddle Period; or

(iv) any payment obligations and commitments that are outside of the Group Companies' ordinary course of business and have not been disclosed or included in the Company's Financial Statements as of December 31, 2014, including approximately RMB350,000, being the fees and expenses payable to external advisors in connection with the Company's preparation for its proposed initial public offering and its historical equity financings before the Closing that have not been reflected in the Company's Financial Statements as of December 31, 2014.

For the avoidance of doubt, the indemnity obligation of each Warrantor towards any Purchaser Indemnitees with respect to Item (iii) above shall not be affected or prejudiced by the fact that such matter may be disclosed to the Purchaser in the Disclosure Schedule or otherwise.

(c) Indemnification by the Purchaser. From and after the Closing, the Purchaser shall indemnify, defend and hold harmless each Selling Shareholder and its Affiliates, and their respective officers, directors, agents, employees, successors and permitted assigns (collectively, the "Selling Shareholder Indemnitees") from and against all Liabilities, losses, damages, diminution in value, claims, costs and expenses (including reasonable attorneys' fees and expenses incurred in connection with the investigation or defense of any of the same or in responding to or cooperating with any governmental investigation), interest, awards, judgments, fines and penalties actually suffered or incurred by the Selling Shareholder Indemnitees (in each case, whether absolute, accrued, conditional or otherwise and whether or not resulting from Third Party Claims) (hereinafter "Selling Shareholder Losses") directly arising out of or relating to

- (i) any untrue representation or warranty or breach thereof set forth in Article V; or
- (ii) any breach or non-fulfillment of any covenant or obligation to be performed by the Purchaser under this Agreement.

(d) Procedures Relating to Indemnification.

(i) Any Party seeking indemnification under this Section 9.2 (an “Indemnified Party”) shall promptly give the Party from whom indemnification is being sought (an “Indemnifying Party”) notice of any matter which such Indemnified Party has determined has given or could reasonably be expected to give rise to a right of indemnification under this Agreement stating in reasonable detail the nature of the claim, and containing a reference to the provisions of this Agreement in respect of which such right of indemnification is claimed or arises; provided, however, that the failure to provide such notice shall not release the Indemnifying Party from any of its obligations under this Section 9.2 except to the extent the Indemnifying Party is materially prejudiced by such failure. With respect to any recovery or indemnification sought by an Indemnified Party from the Indemnifying Party that does not involve a Third Party Claim, if the Indemnifying Party does not notify the Indemnified Party within thirty (30) days from its receipt of the notice from the Indemnified Party that the Indemnifying Party disputes such claim, the Indemnifying Party shall be deemed to have accepted and agreed with such claim. If the Indemnifying Party has disputed a claim for indemnification (including any Third Party Claim), the Indemnifying Party and the Indemnified Party shall proceed in good faith to negotiate a resolution to such dispute. If the Indemnifying Party and the Indemnified Party cannot resolve such dispute in thirty (30) days after delivery of the dispute notice by the Indemnifying Party, such dispute shall be resolved by arbitration pursuant to Section 10.4.

(ii) If an Indemnified Party shall receive notice of any Legal Proceeding, audit, demand or assessment (each, a “Third Party Claim”) against it or which may give rise to a claim for Purchaser Loss or Selling Shareholder Loss under this Section 9.2, within 30 days of the receipt of such notice, the Indemnified Party shall give the Indemnifying Party notice of such Third Party Claim; provided, however, that the failure to provide such notice shall not release the Indemnifying Party from any of its obligations under this Section 9.2 except to the extent that the Indemnifying Party is materially prejudiced by such failure. If the Indemnifying Party acknowledges in writing its obligation to indemnify the Indemnified Party hereunder against any Purchaser Losses or Selling Shareholder Losses, as applicable, that may result from such Third Party Claim, then the Indemnifying Party shall be entitled to assume and control the defense of such Third Party Claim at its expense and through counsel of its choice if it gives notice of its intention to do so to the Indemnified Party within five days of the receipt of such notice from the Indemnified Party; provided, however, that if there exists or is reasonably likely to exist a conflict of interest that would make it inappropriate in the judgment of the Indemnified Party in its sole and absolute discretion for the same counsel to represent both the Indemnified Party and the Indemnifying Party, then the Indemnified Party shall be entitled to retain its own counsel in each jurisdiction for which the Indemnified Party determines counsel is required, at the Indemnifying Party’s expense. In the event that the Indemnifying Party exercises the right to undertake any such defense against any such Third Party Claim as provided above, the Indemnified Party shall cooperate with the Indemnifying Party in such defense and make available to the Indemnifying Party, at the Indemnifying Party’s expense, all witnesses, pertinent records, materials and information in the Indemnified Party’s possession or under the Indemnified Party’s control relating thereto as is reasonably required by the Indemnifying Party. Similarly, in the event the Indemnified Party is, directly or indirectly, conducting the defense against any such Third Party Claim, the Indemnifying Party shall cooperate with the Indemnified Party in such defense and make available to the Indemnified Party, at the Indemnifying Party’s expense, all such witnesses, records, materials and information in the Indemnifying Party’s possession or under the Indemnifying Party’s control relating thereto as is reasonably required by the Indemnified Party. No such Third Party Claim may be settled by the Indemnifying Party without the prior written consent of the Indemnified Party.

Section 9.3 Certain Limitations. The indemnification provided for in Section 9.2 shall be subject to the following limitations:

(a) Minimum Claims. None of the Indemnifying Parties shall be liable under this Agreement in respect of any claim for any untrue representation or warranty made by any Party unless (i) the liability of the Indemnifying Party agreed or determined in respect of any individual claim (or series of related claims with respect to related facts or circumstances) exceeds US\$200,000, and (ii) the aggregate amount of all claims for which the Indemnifying Party would otherwise be liable under this Agreement exceeds US\$2,000,000. Where the amount agreed or determined in respect of all claims referred to in the immediately foregoing sentence exceeds US\$2,000,000, the liability of the Indemnifying Party shall be the full amount of all such claims and not only the amount by which US\$2,000,000 is exceeded. Notwithstanding anything to the contrary in this Section 9.3(a), claims for Losses arising out of any untrue Company Fundamental Warranties, Selling Shareholder Fundamental Warranties or Purchaser Fundamental Warranties, or any breach thereof, as applicable, and indemnification pursuant to Section 9.2(b)(iii) and Section 9.2(b)(iv), shall not be subject to this Section 9.3(a).

(b) Maximum Liability.

(i) The aggregate liability of the Warrantors towards Purchaser Indemnitees in respect of breach of representations and warranties in Article III (other than the Company Fundamental Warranties and the representations and warranties set for in Section 3.13) shall not exceed the Aggregate Purchase Price.

(ii) The aggregate liability of each Selling Shareholder towards Purchaser Indemnitees in respect of breach of representations and warranties in Article IV (other than the Selling Shareholder Fundamental Warranties) shall not exceed the Aggregate Purchase Price actually received by such Selling Shareholder.

(iii) The aggregate liability of the Purchaser towards the Selling Shareholder Indemnitees in respect of breach of representations and warranties in Article V (other than the Purchaser Fundamental Warranties) shall not exceed the Aggregate Purchase Price.

(c) No Warrantor shall be entitled to claim against any Group Company for contribution, reimbursement, indemnification or other participation in respect of or arising out of any indemnification obligation of the Warrantors hereunder, and each Warrantor hereby irrevocably and unconditionally waives any such claim it may have against the Group Companies. Each Warrantor is entitled to claim against any other Warrantor (other than the Company) for contribution, reimbursement, indemnification and other participation.

(d) In no event shall any Indemnifying Party be liable to any Indemnified Party for indemnification under Section 9.2 for any punitive, incidental, consequential, special or indirect damages.

(e) Notwithstanding anything in this Agreement to the contrary, the limitations on indemnification and liability set forth in Sections 9.3(a) and (b) shall not apply to a claim for Purchaser Losses or Selling Shareholder Losses, as applicable, arising out of fraud or willful misconduct by any Party.

Section 9.4 Mitigation: No Double Dip.

(a) The Indemnifying Parties shall not be liable under Section 9.2 for any Purchaser Losses or Selling Shareholder Losses, as applicable, relating to any matter to the extent that (i) the Indemnified Party has otherwise been compensated for such losses (including recovery under an insurance policy), (ii) in the case of Purchaser Indemnitees being the Indemnified Parties, such losses have been reserved for in the Financial Statements, to the extent of such reserve (iii) the Indemnified Party has recovered for such losses under another provision of this Agreement, or (iv) the Indemnified Party has taken action (or caused action to be taken) to accelerate the time period in which such matter is asserted or payable for the purpose of being entitled to indemnification for such matter.

(b) Each Indemnified Party shall use commercially reasonable efforts to mitigate any losses for which such Indemnified Party may seek indemnification under this Agreement, including taking, at the sole cost and expense of the Indemnifying Party, any actions reasonably requested by the Indemnifying Person for such purpose, and no Indemnifying Party shall be liable to any Indemnified Party for any losses to the extent arising from or aggravated by such Indemnified Party's failure to use such efforts to mitigate or take such other action reasonably requested by such Indemnifying Party. If such Indemnified Party mitigates its losses after the Indemnifying Party has paid the Indemnified Party under any indemnification provision of this Agreement in respect of such losses, the Indemnified Party must notify the Indemnifying Party and pay to the Indemnifying Party the extent of the value of the benefit to the Indemnified Party of that mitigation (less the Indemnified Party's reasonable costs of mitigation) promptly after the benefit is received.

(c) Notwithstanding anything to the contrary contained herein, in no event shall an Indemnified Party be entitled to any payment, adjustment or indemnification more than once with respect to the same matter. For the avoidance of doubt, subject to Section 9.6(d), the Purchaser's exercise of its rights to deduct from the Withheld Funds pursuant to Section 9.6 should not affect its ability to seek indemnification under Section 9.1 to Section 9.5 if the Withheld Funds are not sufficient to cover the Purchaser's Losses occurred under Section 9.6(b)(ii), (iii) and (vi), provided that, in the case of such insufficiency, the Purchaser shall only seek indemnification pursuant to this Agreement from the Founder Selling Shareholders or the Warrantors, not Non-Founder Selling Shareholders, regarding the unrecovered portion of such Purchaser's Losses.

Section 9.5 Tax Treatment of Indemnification Payments. All indemnification payments made under this Article IX shall be treated as adjustments to the Aggregate Purchase Price and the Purchase Price for the applicable Selling Shareholder for Tax purposes, unless otherwise required by applicable Law.

Section 9.6 Deduction and Release of Withheld Funds.

(a) Without limiting the generality of the foregoing, the Purchaser shall withhold such amount as set forth in Schedule A, which shall equal 10% of the Purchase Price for each of the Non-Founder Selling Shareholders, 10% of the Purchase Price for each of Baidu, GL and FBH, and 15% of the Purchase Price for each of the Founder Selling Shareholders, from the Purchase Price payable to each such Selling Shareholder and set aside such amounts as a separate pool of funds (the "Withheld Funds") for the purposes set forth in this Section 9.6. The Withheld Funds for the Indemnification Covering Selling Shareholders shall be withheld by the Purchaser for a period that ends on the second (2<sup>nd</sup>) anniversary of the Closing Date (the "Withhold Expiration Date"). The Withheld Funds for Baidu, GL or FBH shall be withheld by the Purchaser until the Tax obligations of Baidu, GL or FBH, as applicable, have been fully settled pursuant to Section 6.9(c). The Purchaser shall maintain, and provide each Selling Shareholder a copy of, a ledger for the Withheld Funds showing the aggregate amount of the Withheld Funds and the allocation of the Withheld Funds among each Selling Shareholder. Unless expressly permitted hereunder, the Purchaser shall not utilize any of such funds without the prior written approval by the relevant Selling Shareholder. The initial allocation of the Withheld Funds among each Selling Shareholder shall be identical to the Withheld Amounts for the Selling Shareholders.

(b) The Withheld Funds shall be released to the Purchaser for the purposes and following the procedures as specified below:

(i) Selling Shareholders' Tax Obligation under Circular 7. The Parties shall comply with Section 6.9(c).

(ii) Group Companies' Tax Obligations. Subject to the procedures set forth in Section 9.6(e), the amount of the following shall be deducted from the Withheld Funds and released to the Purchaser, and the Withheld Amount for each Indemnification Covering Selling Shareholder shall be deemed to have been reduced by such Selling Shareholder's Indemnification Pro Rata Portion of the amount of such release: (a) any Tax obligations of the Group Companies that are required to be indemnified under Section 9.2(b)(iii) and it being understood that for the purpose of this Section 9.6(b)(ii) any obligations of the Warrantors pursuant to Section 9.2(b)(iii) shall be deemed to be obligations of the Indemnification Covering Selling Shareholder; or (b) any Tax obligations and Losses incurred by the Group Companies arising from any failure by any Group Company to pay to any Taxing Authority amounts required to be paid pursuant to applicable Laws before the Closing, or any failure to properly withhold and pay to any Taxing Authority amounts required to be withheld and paid pursuant to applicable Laws before the Closing, in either case not reserved in the Financial Statements; provided, however, with respect to each of (a) or (b) above, no amount shall be deducted from the Withheld Funds unless the obligation or Loss exceeds RMB250,000 individually.

(iii) Off-Balance Sheet Liabilities. Subject to the procedures set forth in Section 9.6(e), the amount of any payment obligations and commitments that are required to be indemnified under Section 9.2(b)(iv) and it being understood that for the purpose of this Section 9.6(b)(iii) any obligations of the Warrantors pursuant to Section 9.2(b)(iv) shall be deemed to be obligations of the Indemnification Covering Selling Shareholder, shall be deducted from the Withheld Funds and released to the Purchaser, and the Withheld Amount for each Indemnification Covering Selling Shareholder shall be deemed to have been reduced by such Selling Shareholder's Indemnification Pro Rata Portion of the amount of such release, and the Purchaser shall promptly notify the Indemnification Covering Selling Shareholders in writing that such deduction and amount have been made and the remaining Withheld Amount for each such Selling Shareholder in the Withheld Funds.

(iv) Tax relating to the Change of Shareholders of Domestic Company. If there is adequate, undisputed proof that the Tax obligations in connection with the transfer of the entire equity interests in the Domestic Company from the Outgoing Domestic Company Shareholders to the Purchaser Domestic Company Shareholder is in excess of RMB800,000, such excess portion shall be deducted from the Withheld Funds and released to the Purchaser, and the Withheld Amount for each Indemnification Covering Selling Shareholder shall be deemed to have been reduced by such Selling Shareholder's Indemnification Pro Rata Portion of the amount of such release, and the Purchaser shall promptly notify the Indemnification Covering Selling Shareholders in writing that such deduction and amount have been made and the remaining Withheld Amount for each such Selling Shareholder in the Withheld Funds.

(v) Violation of Non-Solicitation. If there is adequate, undisputed proof that any of the Founders breaches the non-solicitation obligations as provided for under Section 6.17(b) ("Breach of Non-Solicitation"), an amount equal to the sum of (A) US\$500,000 multiplied by the number of employees with the position of vice president or above who terminate their employment relationship with the Group Companies due to the Founder's Breach of Non-Solicitation, and (B) US\$200,000 multiplied by the number of employees with the position of senior manager (高级经理) or above but below vice president who terminate their employment relationship with the Group Companies due to the Founder's Breach of Non-Solicitation, shall be deducted from the Withheld Funds and released to the Purchaser, and the Withheld Amount for the Founder Selling Shareholder Controlled by the breaching Founder shall be deemed to have been reduced by the amount of such release, and the Purchaser shall promptly notify the breaching Founder in writing that such deduction and amount have been made and the remaining Withheld Amount for the Founder Selling Shareholder Controlled by the breaching Founder.

(vi) Violation of Non-Compete. If there is adequate, undisputed proof that any of the Founders breaches the non-compete obligations as provided for under Section 6.17(a) ("Breach of Non-Compete"), all Withheld Amount that remain in the Withheld Funds at the time for the Founder Selling Shareholder Controlled by the breaching Founder shall be deducted from the Withheld Funds and released to the Purchaser, and the Withheld Amount for such Founder Selling Shareholder shall be deemed to have been reduced to zero, and the Purchaser shall promptly notify the breaching Founder in writing that such deduction and amount have been made and there is no remaining Withheld Amount for the Founder Selling Shareholder Controlled by the breaching Founder.

(c) (i) If there is any remaining Withheld Amount for any of the Indemnification Covering Selling Shareholders in the Withheld Funds, the Purchaser shall, promptly after the Withhold Expiration Date but in any event no later than twenty (20) Business Days after the Withhold Expiration Date release such remaining Withheld Amount, plus the interest accrued thereon, if any, to the applicable Selling Shareholder, by wire transfer of immediately available funds in US\$ to the Selling Shareholder Bank Account of such Selling Shareholder. Notwithstanding the preceding sentence (i), if any residual amount is subject to dispute that is being processed pursuant to Section 9.6(e) below, the Purchaser shall be entitled to continue to withhold the amount subject to such dispute, until such dispute has been resolved pursuant to Section 9.6(e) and, upon such resolution, the Purchaser and the relevant Selling Shareholder shall comply with the agreement reached or outcome obtained under Section 9.6(e) with respect to the release of the residual amount and interest thereon (if any). (ii) If there is any remaining Withheld Amount for Baidu, GL or FBH in the Withheld Funds after such Party's Tax is fully settled pursuant to Section 6.9(c), the Purchaser shall, promptly after receiving a formal receipt of Tax payment and full settlement issued by the Relevant PRC Tax Authority but in any event no later than twenty (20) Business Days after it receives such receipt, release such remaining Withheld Amount, plus the interest accrued thereon, if any, to Baidu, GL or FBH, as the case may be, by wire transfer of immediately available funds in US\$ to the Selling Shareholder Bank Account of Baidu, GL or FBH, as applicable.

(d) For each Non-Founder Selling Shareholder, its respective obligations pursuant to Section 9.6(b)(ii), (iii) and (iv) shall be capped at the result of (i) the Withheld Amount for such Non-Founder Selling Shareholder in the Withheld Funds, minus (ii) Tax payable or paid out of the Withheld Funds pursuant to Section 6.9(c). For the avoidance of doubt, if the Tax payable for a Non-Founder Selling Shareholder equals to or exceeds 10% of its Purchase Price and the full amount of such Selling Shareholder's portion of the Withheld Funds has been used to settle its Tax payable, then such Non-Founder Selling Shareholder shall not bear additional payment obligations under Section 9.6(b)(ii), (iii) and (iv), provided that it has fully complied with its tax payment obligations under Section 6.9(a).

(e) Procedure.

(i) If the Purchaser has identified that any of the events in Section 9.6(b)(ii) to (vi) has occurred, it shall immediately notify the relevant Selling Shareholder(s) from whose Withheld Amount release is being sought (the "Proposed Releasing Selling Shareholder (s)") in writing, stating in reasonable detail the basis for the proposed release to itself and the amount proposed to be released to the Purchaser, with evidence for the alleged breach, non-compliance or indemnification claim.

(ii) The Proposed Releasing Selling Shareholder shall respond within ten (10) Business Days of receiving such notification, stating whether it objects to such release and the reasons for the objection thereto.

(iii) If any Proposed Releasing Selling Shareholder failed to respond to the Purchaser within the period specified in Section 9.6(d)(ii), such Selling Shareholder shall be deemed to have consented to such allegation and the Purchaser shall be entitled to transfer to its own account the amount stated in its notice given under Section 9.6(d)(i).

(iv) If the Proposed Releasing Selling Shareholder notifies the Purchaser within the period specified in Section 9.6(d)(ii) that it has objections to the proposed release of the Withheld Funds, the Proposed Releasing Selling Shareholder and the Purchaser shall use their commercially reasonable efforts to reach a mutually satisfactory solution within thirty (30) Business Days from the receipt of the objections by the Purchaser.

(v) If the Proposed Releasing Selling Shareholder and the Purchaser cannot reach a mutually satisfactory solution within the time period specified in Section 9.6(e)(iv), the Parties shall submit the dispute to arbitration pursuant to Section 10.4, and the arbitral award made pursuant thereto shall be binding on both the Proposed Releasing Selling Shareholder and the Purchaser.

## ARTICLE X

### Miscellaneous

Section 10.1 Expenses. Except as otherwise provided in this Agreement, each Party shall bear its own costs and expenses incurred in connection with the negotiation and execution of this Agreement and each other Transaction Document and the consummation of the transactions contemplated hereby and thereby (the "Transaction Expenses"), provided that the Transaction Expenses incurred by the Company (which, for the avoidance of doubt, shall include the fees and expenses of the external legal and financial advisors of the Company (including, but not limited to, the financial advisor identified under Section 3.22 of the Disclosure Schedule) but shall exclude the fees and expense of the PRC auditor of the Company) shall be borne by the Selling Shareholders (other than Baidu, GL and FBH).

Section 10.2 [Intentionally Left Blank]

Section 10.3 Governing Law. This Agreement will be governed by and construed in accordance with the laws of Hong Kong without giving effect to any choice or conflict of law provision or rule thereof.

Section 10.4 Arbitration.

(a) Any dispute arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration in Hong Kong in accordance with the Hong Kong International Arbitration Center Administered Arbitration Rules (the “HKIAC Rules”) in force when the notice of arbitration is submitted in accordance with the HKIAC Rules. The HKIAC Rules are deemed to be incorporated by reference to this clause. The tribunal shall be comprised of three arbitrators. The Purchaser, on the one hand, and the Selling Shareholders, acting jointly, on the other hand, shall each nominate one arbitrator and the third, who shall serve as president of the tribunal, shall be nominated by the party-nominated arbitrators. The arbitration shall be conducted in English. Each Party irrevocably and unconditionally consents to such arbitration as the sole and exclusive method of resolving any dispute arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination, other than any proceedings to seek the remedies of specific performance as contemplated by Section 10.6.

(b) The award of the arbitral tribunal shall be final and binding on the Parties. The Parties agree that they will not have recourse to any judicial proceedings, in any jurisdiction whatsoever, for the purpose of seeking appeal, annulment, setting aside, modification or any diminution or impairment of its terms or effect insofar as such exclusion can validly be made. Judgment upon any award rendered may be entered in any court having jurisdiction thereof, or application may be made to such court for a judicial acceptance of the award and an order of enforcement, as the case may be.

Section 10.5 Entire Agreement; Amendments and Waivers. This Agreement (including the schedules and exhibits hereto) and the other Transaction Documents represent the entire understanding and agreement among the Parties with respect to the subject matter hereof and thereof. This Agreement can be amended, supplemented or changed, and any provision hereof can be waived, only by written instrument making specific reference to this Agreement signed by the Purchaser, the Selling Shareholders and the Company (except as specifically contemplated by Section 2.8(b)). No action taken pursuant to this Agreement, including any investigation by or on behalf of any Party, shall be deemed to constitute a waiver by the Party taking such action of compliance with any representation, warranty, covenant or agreement contained herein. The waiver by any Party of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. No failure on the part of any Party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such Party preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

Section 10.6 Specific Performance. The Parties acknowledge and agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that, prior to the termination of this Agreement in accordance with Article VIII, each Party shall be entitled to specific performance of the terms hereof. It is accordingly agreed that prior to such termination, each Party shall be entitled to an injunction or injunctions to prevent such breaches of this Agreement and to enforce specifically (without proof of actual damages or harm, and not subject to any requirement for the securing or posting of any bond in connection therewith) such terms and provisions of this Agreement, this being in addition to any other remedy to which each Party is entitled at law or in equity.

Section 10.7 Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed effectively given (i) when delivered personally by hand (with written confirmation of receipt), (ii) when sent by fax (with written confirmation of transmission) or (iii) two Business Days following the day sent by international overnight courier (with written confirmation of receipt), in each case at the following addresses and facsimile numbers (or to such other address or facsimile number as a party may have specified by notice given to the other party pursuant to this provision):

If to the Purchaser, to:

58.COM INC.  
Block E, The North American International Business Center  
Yi 108 Beiyuan Road, Chaoyang District,  
Beijing 100101  
People's Republic of China  
Fax: +86 10 57960999  
Attention: Chief Financial Officer

With a copy to (which shall not constitute notice):

Skadden, Arps, Slate, Meagher & Flom LLP  
c/o 42/F, Edinburgh Tower, The Landmark  
15 Queen's Road Central  
Hong Kong  
Fax: 852-3910-4863  
Attention: Julie Gao

If to the Company, to:

**ANJUKE INC.**  
Address: 浦东新区东方路1217号陆家嘴金融服务广场15楼、13楼  
Tel: 021-61821155/61821159  
Fax: 021-61821150/61821153/61821158  
Attention: Jimbo Wan / Sherry Liu

With a copy to (which shall not constitute notice):

Fangda Partners  
18F, North Tower, Beijing Kerry Centre,  
1 Guanghua Road, Chaoyang District, Beijing, China, 100020  
Fax: (8610) 5769 5788  
Attention: Amanda Zhou

If to the Selling Shareholders, to:

**Ruiting Holdings Limited/Liang Weiping**  
Address: 上海市业辉路555弄129号  
Tel: 18602115428  
Email: mikeliang777@gmail.com  
Attention: Liang Weiping

**Wild West Capital Limited/Jia Yitian**  
Tel: 1-778-385-0940  
Email: evansjia@gmail.com  
Contact Person: Evans Jia

**Ruijia Holdings Limited/Zhang Jinzhu**

Contact Person: Zhang Jinzhu  
Tel: 13901740862

**Empress Sky Management Limited/Cheng Shu**

Contact Person: Cheng Shu  
Tel: 13901960670

**Matrix Partners China I, L.P. &  
Matrix Partners China I-A, L.P.**

Address: Suite 08, 20th Floor, One International Finance Centre,  
1 Harbour View Street, Central, Hong Kong  
Attn: Matrix Partners HK Management Limited  
Yibo Shao / Michael Zuo  
Tel: (852) 3960 6592  
Fax: (852) 3669 8008  
Email: bo.shao@matrixpartners.com.cn;  
michael.zuo@matrixpartners.com.cn

**Matrix Partners VIII, L.P. &  
Weston & Co. VIII LLC**

Matrix Partners  
101 Main Street  
17th Floor  
Cambridge, MA 02142, USA  
Tel: 1-617-494-1223

**TENZING HOLDINGS LLC**

mailing to:  
c/o Corporate Agents N.V.  
Att: Ewout Langemeijer  
Schottegatweg Oost 10 Unit A1K  
Willemstad, Curacao  
Dutch Caribbean  
Contact Person: Oleg Gorelik / Dominika Halka  
Email: Oleg@tenzing.net  
Dominika@tenzing.net

**GL AJK Holdings Ltd.**

Address: 1608, One Exchange Square, 8 Connaught Place, Central,  
Hong Kong  
Attn: Vincent Gao  
Fax: +852-2179 1900  
Email: vgao@hillhousecap.com

With a copy to:  
Suite 1608, One Exchange Square, 8 Connaught Place, Central,  
Hong Kong  
Attn: Adam HORNUNG  
Fax: +852-2179 1900  
Email: ahornung@hillhousecap.com

**Baidu Holdings Limited**

Address: Baidu Campus, No.10 Shangdi 10th Street, Haidian District, Beijing, 100085  
Tel No.: (86)10-59929803  
Fax Number: (86)10-59920021/59920022  
Email: ouyangkang@baidu.com and yangliu03@baidu.com  
Contact Person: OUYANG Kang, Investment,  
Merger and Acquisition Department

With a copy (which shall not constitute notice) to:

Address: Baidu Campus, No.10 Shangdi 10th Street, Haidian District, Beijing, 100085  
Fax Number: (86)10-59920021/59920022  
Email: lihong10@baidu.com and wumengyi@baidu.com  
Contact Person: LI Hong, Legal Department

**FBH Partners Limited**

Contact Person: Fan BAO  
Tel: +86 13910088845

Section 10.8 Severability. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any law or public policy, all other terms or provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

Section 10.9 Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. Nothing in this Agreement shall create or be deemed to create any third party beneficiary rights in any person or entity not a party to this Agreement except as provided in Section 9.2 hereof. No assignment of this Agreement or of any rights or obligations hereunder may be made by (i) any Selling Shareholder, directly or indirectly (by operation of law or otherwise), without the prior written consent of the Purchaser, and (ii) the Purchaser directly or indirectly (by operation of law or otherwise), without the prior written consent of the Selling Shareholders, and any attempted assignment in violation of this Section 10.9 shall be void; provided, that the Purchaser may assign its rights and obligations under this Agreement to any of its Affiliates.

Section 10.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. Facsimile and e-mailed copies of signatures shall be deemed to be originals for purposes of the effectiveness of this Agreement.

\*\* REMAINDER OF PAGE INTENTIONALLY LEFT BLANK \*\*

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first written above.

**58.COM INC.**

By: /s/ YAO Jinbo

Name:

Title:

*[Signature Page to Share Purchase and Subscription Agreement]*

---

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first written above.

**ANJUKE INC.**

By: /s/ LIANG Weiping

Name:

Title:

*[Signature Page to Share Purchase and Subscription Agreement]*

---

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first written above.

FOUNDERS:

**LIANG WEIPING**

/s/ LIANG Weiping

---

**JIA YITIAN**

/s/ JIA Yitian

---

**ZHANG JINZHU**

/s/ ZHANG Jinzhu

---

**CHENG SHU**

/s/ CHENG Shu

---

*[Signature Page to Share Purchase and Subscription Agreement]*

---

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first written above.

**RUITING HOLDINGS LIMITED**

By: /s/ LIANG Weiping

Name:

Title:

**WILD WEST CAPITAL LIMITED**

By: /s/ Adam Carnood

/s/ Kenneth Le Claire

Name: W.S.W. Directors Limited

Title:

**RUIJIA HOLDINGS LIMITED**

By: /s/ ZHANG Jinzhu

Name:

Title:

**EMPRESS SKY MANAGEMENT LIMITED**

By: /s/ CHENG Shu

Name:

Title:

*[Signature Page to Share Purchase and Subscription Agreement]*

---

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first written above.

**MATRIX PARTNERS CHINA I, L.P.**  
c/o Maples Corporate Services Limited  
P.O. Box 309 Uglan House,  
Grand Cayman, KY1-1104, Cayman Islands

By: Matrix China Management I, L.P.  
its General Partner

By: Matrix China I GP GP, Ltd.  
Its General Partner

By: /s/ Authorized Signatory  
Name:  
Title:

**MATRIX PARTNERS CHINA I-A, L.P.**  
c/o Maples Corporate Services Limited  
P.O. Box 309 Uglan House,  
Grand Cayman, KY1-1104, Cayman Islands

By: Matrix China Management I, L.P.  
its General Partner

By: Matrix China I GP GP, Ltd.  
Its General Partner

By: /s/ Authorized Signatory  
Name:  
Title:

**MATRIX PARTNERS VIII, L.P.**

By: Matrix VIII US Management Co., L.L.C., its General Partner

By: /s/ Authorized Signatory  
Name:  
Managing Partner

*[Signature Page to Share Purchase and Subscription Agreement]*

---

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first written above.

**WESTON & CO. VIII LLC, AS NOMINEE**

By: Matrix Partners Management Services, L.P.,  
Sole Member

By: Matrix Partners Management Services GP, LLC, its General Partner

By: /s/ Authorized Signatory

Name:

Authorized Member

**TENZING HOLDINGS, LLC**

By: /s/ Authorized Signatory

Name:

Title:

*[Signature Page to Share Purchase and Subscription Agreement]*

---

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first written above.

**GL AJK HOLDINGS LTD.**

By: /s/ Tham Zhiren  
Name: Tham Zhiren  
Title: Director

---

*[Signature Page to Share Purchase and Subscription Agreement]*

---

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first written above.

**Baidu Holdings Limited**

By: /s/ LI Yanhong

Name:

Title:

*[Signature Page to Share Purchase and Subscription Agreement]*

---

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first written above.

**FBH PARTNERS LIMITED**

By: /s/ Authorized Signatory

Name:

Title:

*[Signature Page to Share Purchase and Subscription Agreement]*

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SHARE PURCHASE AGREEMENT

BY AND AMONG

58.COM INC.,

and

THE SELLING SHAREHOLDERS NAMED HEREIN

Dated as of April 17, 2015

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## SHARE PURCHASE AGREEMENT

This SHARE PURCHASE AGREEMENT (this "Agreement"), dated as of April 17, 2015, is entered into by and among (i) 58.com Inc., an exempted company incorporated under the Laws of the Cayman Islands (the "Purchaser"), (ii) the Founder (as defined in this Agreement) of Falcon View Technology (the "Company"), and (iii) the Persons set forth in Schedule A hereto (collectively, the "Selling Shareholders" and individually a "Selling Shareholder").

### WITNESSETH:

WHEREAS, the Company, an exempted company incorporated under the Laws of the Cayman Islands, and the other Group Companies (as defined below) collectively operate an internet business providing classified advertisements in the People's Republic of China (the "PRC");

WHEREAS, each Selling Shareholder owns the number and type of Shares (as defined below) set forth opposite such Selling Shareholder's name in Schedule A under the heading "*Current Ownership*"; and

WHEREAS, each Selling Shareholder desires to sell to the Purchaser, and the Purchaser desires to purchase from each Selling Shareholder, on the terms and subject to the conditions set forth herein, such number of Shares owned by each Selling Shareholder as set forth opposite such Selling Shareholder's name in Schedule A under the heading "*Purchased Shares*" and associated rights embodied therein.

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements hereinafter contained, and intending to be legally bound, the Parties hereby agree as follows:

### ARTICLE I

#### Definitions

Section 1.1 Certain Definitions. For purposes of this Agreement, the following terms shall have the meanings specified in this Section 1.1:

"Affiliate" means any other Person that, directly or indirectly through one or more intermediaries, Controls, or is Controlled by, or is under common Control with, such Person, including without limitation, with respect to any Person that is an individual, his or her Immediate Family Members.

"Aggregate Purchase Price" has the meaning ascribed to it in Section 2.2.

"Agreement" has the meaning ascribed to it in the Preamble.

"Applicable Accounting Standards" means the accounting standards adopted by the Company and applied consistently throughout the Financial Statements.

"Balance Sheet Date" has the meaning ascribed to it in Section 3.4.

"Breaching Selling Shareholder" has the meaning ascribed to it in Section 2.6.

---

“Business” means, in respect of a Group Company, the business it currently conducts and, in respect of the Group Companies, the business the Group Companies, taken as a whole, currently conduct.

“Business Day” means a day that is not a Saturday or Sunday or any other day on which banks in the PRC, Hong Kong, the Cayman Islands or the British Virgin Islands are required or authorized to be closed.

“Cash Portion of Purchase Price” has the meaning ascribed to it in Section 2.2.

“Circular 7” means Circular No. 7 on Several Issues of Enterprise Income Tax on Income Arising from Indirect Transfers of Property by Non-resident Enterprises (SAT Bulletin [2015] No. 7) (关于非居民企业间接转让财产企业所得税若干问题的公告(国家税务总局公告2015年第7号)), dated February 3, 2015 and effective as of the same date, including any amendment, implementing rules, or official interpretation thereof or any replacement, successor or alternative legislation having the same subject matter thereof.

“Closing” has the meaning ascribed to it in Section 2.3.

“Closing Date” has the meaning ascribed to it in Section 2.3.

“Company” has the meaning ascribed to it in the Preamble.

“Contract” means any contract, agreement, indenture, note, bond, mortgage, loan, instrument, lease, franchise or license (whether written or oral).

“Control” of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of a majority of the board of directors (or similar governing body) of such Person; the term “Controlled” has the meaning correlative to the foregoing.

“Control Documents” means the Contracts and other documents set forth in Schedule B hereto.

“Current Transaction” has the meaning ascribed to it in Section 2.7(b).

“Domestic Companies” mean Shanghai Zhengqi Advertising Co., Ltd. (上海正奇广告有限公司) and Beijing Shan Jing Ke Chuang Network Technology Co., Ltd. (山景科创网络技术(北京)有限公司), Beijing Zhi Mo Si Management Consulting Co., Ltd. (北京志莫斯管理咨询有限公司) and Beijing Rui Yi Car Service Co., Ltd. (北京睿易汽车服务有限公司) and Yi Yun You Network Technology (Beijing) Co., Ltd., each a limited liability company organized and existing under the Laws of the PRC.

“Domestic Subsidiary” means the WFOE.

“Equity Securities” means any shares, share capital, registered capital, ownership interest, equity interest or other equity securities of the Company, and any option, warrant or right to subscribe for, acquire or purchase any of the foregoing, or any other security or instrument convertible into or exercisable or exchangeable for any of the foregoing, or any equity appreciation, phantom equity, equity plans (including all options and other awards of equity securities authorized under equity plans, whether or not issued, granted or vested) or similar rights with respect to the Company, or any contract of any kind for the purchase or acquisition from the Company of any of the foregoing, either directly or indirectly.

“Existing Articles” means the seventh amended and restated memorandum and articles of association of the Company adopted by special resolution dated July 29, 2014.

“Financial Statements” has the meaning ascribed to it in Section 3.4.

“Founder” means Mr. Haoyong Yang.

“Group Companies” means the Company and any Person (other than a natural person) that is directly or indirectly Controlled by the Company. For the avoidance of doubt, each of the Domestic Companies and the Domestic Subsidiary shall be deemed a Group Company.

“Government Authority” means any supranational, national, federal, state, municipal or local court, administrative body or other governmental or quasi-governmental entity or authority with competent jurisdiction exercising legislative, judicial, regulatory or administrative functions of or pertaining to supranational, national, federal, state, municipal or local government, including any department, commission, board, agency, bureau, subdivision, instrumentality or other regulatory, administrative, judicial or arbitral authority, and any securities exchange on which the securities of any Party or its Affiliates are listed.

“HKIAC Rules” has the meaning ascribed to it in Section 9.3(a).

“Immediate Family Members” means, with respect to any natural Person, (a) such Person’s spouse, parents, parents-in-law, grandparents, children, grandchildren, siblings and siblings-in-law (in each case whether adoptive or biological), (b) spouses of such Person’s children, grandchildren and siblings (in each case whether adoptive or biological) and (c) estates, trusts, partnerships and other Persons which directly or indirectly through one or more intermediaries are Controlled by the foregoing.

“Indemnified Party” has the meaning ascribed to it in Section 8.2(c)(i).

“Indemnifying Party” has the meaning ascribed to it in Section 8.2(c)(i).

“Knowledge of such Selling Shareholders” means with respect to each Selling Shareholder, the knowledge actually possessed, or, to the extent that such Selling Shareholder has a right to appoint and has appointed a director to the board of directors of the Company, that would have been possessed after due inquiry by such Selling Shareholder with the director appointed to the board of directors of the Company, if any, by such Selling Shareholder.

“Law” means any foreign, federal, state, municipal or local law, statute, code, ordinance, rule, decree, regulation or any common law of any Government Authority or jurisdiction.

“Legal Proceeding” means any judicial, administrative or arbitral actions, suits, proceedings or investigations (whether civil or criminal, judicial or administrative, at law or in equity, or public or private) by or before a Government Authority.

“Liability” means any indebtedness, liability or obligation (whether direct or indirect, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due), including those arising under any Law, Order, Legal Proceeding or Contract and including all costs and expenses relating thereto.

“Lien” means any lien (including, without limitation, tax lien), encumbrance, pledge, mortgage, deed of trust, security interest, claim, lease, charge, option, restrictive covenant, right of first refusal, right of first offer, easement, servitude or other restriction having similar effect.

“Liquidity Based Options” has the meaning ascribed to it in Section 6.8.

“Losses” has the meaning ascribed to it in Section 8.2(a).

“Material Adverse Effect” means any change, circumstance, event or effect (each a “Change”) that, individually or in the aggregate, is or would be materially adverse to: (a) the business, condition (financial or otherwise) or results of operations of the Group Companies, taken as a whole; or (b) the ability of any Selling Shareholder to consummate the transactions contemplated by this Agreement and to perform its obligations hereunder and under any other Transaction Documents; provided that no Change (by itself or when aggregated or taken together with any and all other Changes) directly or indirectly resulting from, relating to or arising out of any of the following shall be deemed to be or constitute a “Material Adverse Effect,” or be taken into account when determining whether a “Material Adverse Effect” has occurred or may, would or could occur: (i) general economic conditions (or changes in such conditions); (ii) conditions (or changes in such conditions) in the industries in which the Group Companies conduct business; (iii) political conditions (or changes in such conditions) in the PRC; (iv) changes in Law or other legal or regulatory conditions (or the interpretation thereof) or changes in Applicable Accounting Standards; and (v) the announcement of this Agreement or the pendency or consummation of the transactions contemplated hereby, provided, however, that any Change referred to in clauses (i), (ii), (iii) and (iv) above may be taken into account in determining whether or not there has been, or will, may, would or could be a Material Adverse Effect to the extent, but only to the extent, that the Company is disproportionately affected thereby as compared to other participants in the industry or markets in which the Company operates.

“New Company Options” has the meaning ascribed to it in Section 6.8.

“Order” means any written order, injunction, judgment, decree, notice, ruling, writ, assessment or arbitration award of a Government Authority.

“Ordinary Shares” means the ordinary shares, par value US\$0.0002 per share, in the capital of the Company.

“Party” means a party to this Agreement.

“Permit” means any approval, authorization, consent, license, permit or certificate of or issued by a Government Authority.

“Permitted Liens” means the Liens set forth pursuant to Existing Articles and the Shareholders Agreement.

“Person” means any individual, corporation, partnership, limited liability company, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Government Authority or other entity.

“PRC” or “China” means the People’s Republic of China, excluding, for purposes of this Agreement, Hong Kong, Macau and Taiwan.

“Preferred Shares” means, collectively, the Series A Preferred Shares, the Series A-1 Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares and the Series E Preferred Shares.

“Purchase Price” has the meaning ascribed to it in Section 2.2.

“Purchased Shares” has the meaning ascribed to it in Section 2.1.

“Purchaser Indemnitee” has the meaning ascribed to it in Section 8.2(a).

“Purchaser Nominee” has the meaning ascribed to it in Section 2.4(a).

“Purchaser Losses” has the meaning ascribed to it in Section 8.2(a).

“Purchaser Shares” means (i) the Class A ordinary shares, par value US\$0.00001 per share, in the capital of the Purchaser, and (ii) in the case of Trinityville Profit Limited, the Class A ordinary shares, par value US\$0.00001 per share, in the capital of the Purchaser and the Class B ordinary shares, par value US\$0.00001 per share, in the capital of the Purchaser.

“Qualified Liquidation Event” has the meaning ascribed to it in Section 2.7(b).

“Registration Rights Agreement” has the meaning ascribed to it in Section 2.4.

“Relevant PRC Tax Authority” has the meaning ascribed to it in Section 6.7(b).

“SEC Documents” has the meaning ascribed to it in Section 5.6.

“Selling Shareholder” has the meaning ascribed to it in the Preamble, except that references to the Selling Shareholders in the context of the rights and obligations of the shareholders of the Company after Closing shall exclude the Selling Shareholders which sell all of their Shares on Closing and are not, therefore, shareholders of the Company after Closing.

“Selling Shareholder Bank Account” has the meaning ascribed to it in Section 6.13.

“Selling Shareholder Indemnitees” has the meaning ascribed to it in Section 8.2(c).

“Selling Shareholder Losses” has the meaning ascribed to it in Section 8.2(c).

“Series A Preferred Shares” means the Series A Preferred Shares, par value US\$0.0002 per share, in the capital of the Company.

“Series A-1 Preferred Shares” means the Series A-1 Preferred Shares, par value US\$0.0002 per share, in the capital of the Company.

“Series B Preferred Shares” means the Series B Preferred Shares, par value US\$0.0002 per share, in the capital of the Company.

“Series C Preferred Shares” means the Series C Preferred Shares, par value US\$0.0002 per share, in the capital of the Company.

“Series D Preferred Shares” means the Series D Preferred Shares, par value US\$0.0002 per share, in the capital of the Company.

“Series E Preferred Shares” means the Series E Preferred Shares, par value US\$0.0002 per share, in the capital of the Company.

“Shares” means the shares in the capital of the Company, being the Ordinary Shares and the Preferred Shares.

“Shareholders Agreement” means amended and restated shareholders agreement entered into by and among, *inter alia*, the Company and its then shareholders on August 8, 2014.

“Shareholders Rights” has the meaning ascribed to it in Section 2.1.

“Share Portion of Purchase Price” has the meaning ascribed to it in Section 2.2.

“Tax” or “Taxes” means (i) in the PRC: (a) any national, provincial, municipal, or local taxes, charges, fees, levies, or other assessments, including, without limitation, all net income (including enterprise income tax and individual income withholding tax), turnover (including value-added tax, business tax, and consumption tax), resource (including urban and township land use tax), special purpose (including land value-added tax, urban maintenance and construction tax, and additional education fees), property (including urban real estate tax and land use fees), documentation (including stamp duty and deed tax), filing, recording, social insurance (including pension, medical, unemployment, and other social insurance withholding), housing funds and tariffs (including import duty and import value-added tax), and other taxes, charges, fees, levies, or other assessments of any kind whatsoever as applicable, (b) all interest, penalties (administrative, civil or criminal), or additional amounts imposed by any Government Authority in connection with any item described in clause (a) above, and (c) any form of transferor liability imposed by any Government Authority in connection with any item described in clauses (a) and (b) above, and (ii) in any jurisdiction other than the PRC: all similar liabilities as described in clause (i) above.

“Taxing Authority” means any Government Authority responsible for the administration of any Tax.

“Third Party Claim” has the meaning ascribed to it in Section 8.2(c)(ii).

“Transaction Documents” means this Agreement and the Registration Rights Agreement and other agreements or documents required to be executed and/or delivered by any Party in connection with the execution of this Agreement or the consummation of the transactions contemplated by this Agreement.

“Transfer” means, (i) when used as a verb, to sell, assign, dispose of, transfer, exchange, pledge, encumber, hypothecate or otherwise transfer securities, assets or other property or any participation or interest therein, whether directly or indirectly (including pursuant to a derivative transaction, merger, recapitalization, scheme of arrangement, amalgamation or other transaction or by operation of law), or agree or commit to do any of the foregoing and (ii) when used as a noun, a direct or indirect sale, assignment, disposition, exchange, pledge, encumbrance, hypothecation, or other transfer of such securities, assets or other property or any participation or interest therein or any agreement or commitment to do any of the foregoing.

“WFOE” means Beijing Yangguang Gudi Science Development Co., Ltd. (北京阳光谷地科技发展有限公司), a limited liability company organized and existing under the Laws of the PRC.

“Withheld Amount” has the meaning ascribed to it in Section 2.5.

“Withheld Funds” has the meaning ascribed to it in Section 6.6(a).

“Withhold Expiration Date” has the meaning ascribed to it in Section 6.6(a).

Section 1.2 Interpretation and Rules of Construction.

(a) Unless otherwise expressly provided, for purposes of this Agreement, the following rules of interpretation shall apply:

(i) the provision of a Table of Contents, the division of this Agreement into articles, Sections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in construing or interpreting this Agreement;

(ii) any reference in this Agreement to an Article, Section, Exhibit or Schedule, such reference is to an Article or Section of, or a Schedule or Exhibit to, this Agreement, unless otherwise indicated. All Exhibits and Schedules hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein;

(iii) any reference in this Agreement to gender shall include all genders, and words imparting the singular number only shall include the plural and *vice versa*;

(iv) the word “including” or any variation thereof means (unless the context of its usage otherwise requires) “including, without limitation” and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it;

(v) words such as “herein,” “hereinafter,” “hereof” and “hereunder” refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires;

(vi) when calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded;

(vii) the term “non-assessable,” when used with respect to any Shares, means that no further sums are required to be paid by the holders thereof in connection with the issue thereof; and

(viii) except as otherwise provided herein, any reference in this Agreement to \$ or US\$ means U.S. dollars, the lawful currency of the United States.

(b) In the event an ambiguity or question of intent or interpretation arises, no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement.

## ARTICLE II

### Sale and Purchase of Shares

Section 2.1 Sale and Purchase of Shares. Upon the terms and subject to the conditions set forth herein, at the Closing, each Selling Shareholder shall sell to the Purchaser, and the Purchaser shall purchase from each Selling Shareholder, such number and type of Shares set forth opposite such Selling Shareholder’s name under the heading “*Purchased Shares*” in Schedule A (the “Purchased Shares” of such Selling Shareholder) and all rights such Selling Shareholder holds related thereto including without limitation those rights pursuant to the Existing Articles and Shareholders Agreement (to the extent such rights are transferable by such Selling Shareholder)(collectively, the “Shareholder Rights”).

Section 2.2 Purchase Price. Subject to the adjustments set forth in Section 2.7, the aggregate purchase price for all Purchased Shares and the Shareholder Rights of all Selling Shareholders (the “Aggregate Purchase Price”) shall be US\$1,224,133,467, consisting of an aggregate of US\$412,236,992 in cash and an aggregate of 34,039,136 Purchaser Shares to be issued by the Purchaser at the Closing. With respect to each Selling Shareholder, the aggregate purchase price for all Purchased Shares and the Shareholder Rights of such Selling Shareholder (the “Purchase Price” for such Selling Shareholder) shall be in such amount, consisting of such amount of cash (the “Cash Portion of Purchase Price”) and such number of Purchaser Shares (the “Share Portion of Purchase Price”), as set forth opposite such Selling Shareholder’s name under the heading “*Purchase Price*” in Schedule A.

Section 2.3 Closing Date. Subject to the terms and conditions of this Agreement, the sale and purchase of all Purchased Shares and the Shareholder Rights of all Selling Shareholders as contemplated by this Agreement (the “Closing”) shall take place within three (3) Business Days after the date hereof subject to the satisfaction or valid waiver of each of the conditions set forth in Article VII (other than conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of those conditions at such time) (the date on which the Closing occurs, the “Closing Date”), unless another time, date or place is agreed to in writing by the Purchaser and each Selling Shareholder.

Section 2.4 Closing Deliveries by the Selling Shareholders. At the Closing, each Selling Shareholder shall deliver or cause to be delivered:

(a) to the Purchaser:

(i) a copy of the instrument of transfer in the form of Exhibit A hereto with respect to the Purchased Shares of such Selling Shareholder, dated the Closing Date and duly executed by such Selling Shareholder (with the original(s) to be delivered to the Purchaser within three (3) business days after the Closing);

(ii) the original certified true copy of the register of members of the Company, duly certified by the registered office provider of the Company as of the Closing Date, evidencing the ownership by the Purchaser of the Purchased Shares;

(iv) a copy of the share certificate(s) in the name of the Purchaser, dated as of the Closing Date and duly executed on behalf of the Company, evidencing the ownership by the Purchaser of the Purchased Shares (with the original(s) to be delivered to the Purchaser within three (3) business days after the Closing);

(v) a copy of the register of directors of the Company, duly certified by the registered office provider of the Company as of the Closing Date, evidencing the appointment of Mr. Jinbo Yao as a director of the Company designated by the Purchaser (the "Purchaser Nominee");

(vi) the registration rights agreement in the form of Exhibit B hereto (the "Registration Rights Agreement"), dated the Closing Date and duly executed by such Selling Shareholder that receives any Share Portion of Purchase Price at the Closing;

(vii) a copy of the resolutions or other internal authorizations duly and validly adopted by the board of directors, shareholders, partners and/or other equivalent corporate organs of such Selling Shareholder evidencing its authorization of the execution and delivery of this Agreement and the other Transaction Documents to which it is a party and the consummation of the transactions contemplated hereby and thereby; and

(viii) a copy of the confirmation letter in the form of Exhibit E hereto duly executed by each of the Selling Shareholders who will receive any amount as set forth opposite such Selling Shareholder's name under the heading "*Closing Day Payment (Net of Withheld Amount)*" in Schedule A.

Section 2.5 Closing Deliveries by the Purchaser. At the Closing, the Purchaser shall deliver or cause to be delivered to each Selling Shareholder:

(a) an amount equal to the Cash Portion of Purchase Price for such Selling Shareholder, less the amount set forth opposite such Selling Shareholder's name under the heading "Withheld Amount" in Schedule A hereto (the "Withheld Amount" for such Selling Shareholder), by wire transfer of immediately available funds in US\$ to the Selling Shareholder Bank Account of such Selling Shareholder, which wire transfer shall be evidenced for purposes of Closing by delivery of a copy of irrevocable wiring instructions to the Selling Shareholder Bank Account of such Selling Shareholder (known as "MT-103" and containing the SWIFT number of such remittances);

(b) the original certified true copy of the register of members of the Purchaser, dated as of the Closing Date and duly certified by the registered office provider of the Purchaser, evidencing the ownership by such Selling Shareholder of the Share Portion of Purchase Price;

(c) a copy of the share certificate(s) in the name of such Selling Shareholder, dated as of the Closing Date and duly executed on behalf of the Purchaser, evidencing the ownership by such Selling Shareholder of the Share Portion of Purchase Price (with the original(s) to be delivered to such Selling Shareholder within three (3) business days after the Closing);

(d) an assumption agreement in the form attached as Exhibit C to the Shareholders Agreement whereby the Purchaser agrees to be bound and become a party to the Shareholders Agreement;

(e) the Registration Rights Agreement, dated the Closing Date and duly executed by the Purchaser; and

(f) in the case of Classroom Investments Inc., a confirmation letter in the form attached hereto as Exhibit D.

Section 2.6 Breaching Selling Shareholder. If, at the Closing, any Selling Shareholder fails to fully comply with any of its obligations set forth in Section 2.4 (a "Breaching Selling Shareholder"):

(a) The Purchaser shall be entitled, at its sole discretion and by written notice to the Selling Shareholders, to (without prejudice to any other rights and remedies that may be available to the Purchaser):

(i) close the transactions contemplated hereby so far as practicable and consummate the sales and purchases of the Purchased Shares and the Shareholder Rights of the Selling Shareholders other than the Breaching Selling Shareholder(s);

(ii) defer the Closing to a specified date not more than twenty (20) Business Days after the originally scheduled Closing Date; or

(iii) immediately terminate this Agreement (A) solely with respect to the Breaching Selling Shareholder(s) if the aggregate remaining Selling Shareholders (other than the Breaching Selling Shareholder(s)) collectively are the shareholders of record of thirty-five percent (35%) or more of the outstanding Shares on an as-converted basis and fifty percent (50%) or more of the outstanding Preferred Shares or (B) with respect to all Selling Shareholders if the aggregate remaining Selling Shareholders (other than the Breaching Selling Shareholder(s)) collectively are the shareholders of record of less than (1) thirty-five percent (35%) of the outstanding Shares on an as-converted basis or (2) fifty percent (50%) of the outstanding Preferred Shares.

(b) In the event that the Purchaser elects to proceed under Section 2.6(a)(i) or Section 2.6(a)(iii), this Agreement shall be deemed to have been duly amended and modified to the extent necessary to exclude the sale and purchase of the Purchased Shares and the Shareholder Rights of the Breaching Selling Shareholder from the transactions contemplated hereby, and the Purchaser shall have no responsibility or liability with respect to any such transaction in respect of such Breaching Selling Shareholder.

(c) Each Selling Shareholder hereby agrees that, to the extent such Selling Shareholder is a Breaching Selling Shareholder, the Purchaser shall have the right (but not the obligation) to purchase, at any time after the consummation of the sale and purchase contemplated by Section 2.6(b), the Purchased Shares and the Shareholder Rights of such Selling Shareholder for an aggregate purchase price equal to the Purchase Price for such Selling Shareholder (without interest), and otherwise on the terms and conditions (including the arrangements with respect to representations and warranties, covenants and transaction expenses in this Agreement) that would have been applicable to the sale and purchase of the Purchased Shares and the Shareholder Rights of such Selling Shareholder if such sale and purchase had occurred at the Closing.

Section 2.7 Allocation of Purchase Price and Qualified Liquidation Event.

(a) Each Selling Shareholder hereby irrevocably consents to the allocation of the Aggregate Purchase Price among the Selling Shareholders for their respective Purchased Shares as contemplated by Schedule A, including the adjustments to the Aggregate Purchase Price set forth in this Section 2.7 and on Schedule A.

(b) In the event of the consummation of a transaction, or a series of transactions, that, either alone or in combination with the sale of the Purchased Shares contemplated by this Agreement (the "Current Transaction"), would constitute a "Liquidation Event" with respect to the Company (as such term is defined in Section 2 of Schedule A of the Existing Articles) in which the Purchaser or its Affiliate(s) participates as a buyer or to which the Purchaser provides its consent and approval (a "Qualified Liquidation Event"), the Purchaser and each Selling Shareholder undertakes and agrees that the distribution and payment of the Preferred Liquidation Premium (which shall be derived for the Qualified Liquidation Event in a manner consistent with the calculation of the Preferred Liquidation Premium for the Current Transaction (as set forth on Schedule A) in the Qualified Liquidation Event) shall be allocated among Trinityville Profit Limited (or its successors or permitted assigns or its or their designee(s)) and the other Selling Shareholders in such Qualified Liquidation Event in a manner consistent with the allocation of the Preferred Liquidation Premium among Trinityville Profit Limited and the other Selling Shareholders in the Current Transaction (as set forth on Schedule A).

(c) Section 2.7(b) of this Agreement shall terminate in its entirety and be of no further force and effect on the date that is twelve (12) months following the Closing Date unless a definitive agreement has been entered into with respect to a Qualified Liquidation Event on or prior to such date, in which case Section 2.7(b) shall continue to apply to such Qualified Liquidation Event (and any amendments thereto).

## ARTICLE III

### Representations and Warranties With Respect to Group Companies

A. Each Selling Shareholder (other than Trinityville Profit Limited), severally but not jointly, represents and warrants to the Purchaser the following (from Section 3.1 to Section 3.4), to the Knowledge of such Selling Shareholder:

Section 3.1 Organization and Good Standing. The Company is an exempted company duly organized, validly existing and in good standing under the Laws of the Cayman Islands and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now conducted. The Company is duly qualified or authorized to do business as now conducted and is in good standing under the laws of each jurisdiction in which such qualification or authorization is required.

Section 3.2 Capitalization.

(a) As of the date hereof and the Closing Date, the share capital of the Company consists of:

(i) 135,680,555 authorized Preferred Shares, of which (1) 25,200,590 shares are designated as Series A Preferred Shares, 25,200,590 of which are issued and outstanding; (2) 14,616,620 shares are designated as Series A-1 Preferred Shares, 14,616,620 of which are issued and outstanding; (3) 40,381,300 shares are designated as Series B Preferred Shares, 40,381,300 of which are issued and outstanding; (4) 15,296,364 shares are designated as Series C Preferred Shares, 15,296,364 of which are issued and outstanding; (5) 21,241,560 shares are designated as Series D Preferred Shares, 21,241,560 of which are issued and outstanding; and (6) 18,944,121 shares are designated as Series E Preferred Shares, 18,944,121 of which are issued and outstanding; in each case of (1) through (6), having the rights, privileges and preferences as set forth in the Existing Articles.

(ii) 212,174,158 authorized Ordinary Shares, of which (1) 50,000,000 Ordinary Shares are issued and outstanding, (2) 25,200,590 Ordinary Shares are reserved for issuance upon conversion of the Series A Preferred Shares, (3) 14,616,620 Ordinary Shares are reserved for issuance upon conversion of the Series A-1 Preferred Shares, (4) 40,381,300 Ordinary Shares are reserved for issuance upon conversion of the Series B Preferred Shares, (5) 18,751,201 Ordinary Shares are reserved for issuance upon conversion of the Series C Preferred Shares, (6) 21,241,560 Ordinary Shares are reserved for issuance upon conversion of the Series D Preferred Shares, (7) 18,944,121 Ordinary Shares are reserved for issuance upon conversion of the Series E Preferred Shares, (8) 19,332,530 Ordinary Shares are reserved for issuance pursuant to the Company Share Incentive Plan; 12,488,605 of which have been reserved in respect of options that have been granted and vested as of the Closing; 1,847,166 of which have been reserved in respect of options that have been granted, vested and exercised as of the Closing; and 2,464,924 of which have been reserved in respect of options that have been granted and are unvested as of the Closing, and (9) 3,706,236 Ordinary Shares are reserved for issuance to the chief executive officer of the Company, all of which have been reserved in respect of options that have been granted and are unvested as of the Closing.

(b) As of the Closing, all of the issued and outstanding Preferred Shares and Ordinary Shares are duly authorized, validly issued, fully paid and non-assessable. The ratio of conversion into Ordinary Shares for each of the Series A Preferred Shares, the Series A-1 Preferred Shares, the Series B Preferred Shares, the Series D Preferred Shares and the Series E Preferred Shares is 1:1, and the ratio of conversion into Ordinary Shares for each of the Series C Preferred Shares is 1:1.22586.

(c) Except for the Shareholders Agreement and as described in Section 3.2(a), as of the Closing, there are no outstanding Ordinary Shares, Preferred Shares, any other shares or equity of the Company, or any securities convertible into or exercisable or exchangeable for any of the foregoing, or any other options, warrants, subscriptions, or other rights, proxy or shareholders agreements or Contracts of any kind to which the Company is a party, either directly or indirectly, entitling the holder thereof to purchase or otherwise acquire or to compel the Company to issue, repurchase or redeem any shares or other securities of the Company. Except as contemplated by the Transaction Documents and the Shareholders Agreement, such Selling Shareholder is not a party or subject to any Contract that affects or relates to the voting or giving of consents with respect to, the currently outstanding securities of the Company or any securities issuable upon exercise or conversion of its currently outstanding securities.

Section 3.3 Group Companies. Schedule C hereto sets forth a complete and accurate list, as of August 8, 2014, of the Group Companies (other than the Company) and, for each such Group Company, its name, the jurisdiction in which it is incorporated or organized, the names of its shareholders and the amount of share capital or other equity interest in such Group Company held by each such shareholder.

Section 3.4 Financial Statements. True copies of the consolidated unaudited balance sheets, income statements and statements of cash flow of the Group Companies, as provided by the Company, for the fiscal year ended December 31, 2014 (December 31, 2014 is hereinafter referred to as the "Balance Sheet Date") of the Company have been delivered by the Selling Shareholders to the Purchaser (the "Financial Statements").

B. Trinityville Profit Limited and the Founder hereby jointly and severally represent and warrant to the Purchaser the following (from Section 3.5 to Section 3.9):

Section 3.5 Organization and Good Standing. The Company is an exempted company duly organized, validly existing and in good standing under the Laws of the Cayman Islands and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now conducted. The Company is duly qualified or authorized to do business as now conducted and is in good standing under the laws of each jurisdiction in which such qualification or authorization is required.

Section 3.6 Capitalization.

(a) As of the date hereof and the Closing Date, the share capital of the Company consists of:

(i) 135,680,555 authorized Preferred Shares, of which (1) 25,200,590 shares are designated as Series A Preferred Shares, 25,200,590 of which are issued and outstanding; (2) 14,616,620 shares are designated as Series A-1 Preferred Shares, 14,616,620 of which are issued and outstanding; (3) 40,381,300 shares are designated as Series B Preferred Shares, 40,381,300 of which are issued and outstanding; (4) 15,296,364 shares are designated as Series C Preferred Shares, 15,296,364 of which are issued and outstanding; (5) 21,241,560 shares are designated as Series D Preferred Shares, 21,241,560 of which are issued and outstanding; and (6) 18,944,121 shares are designated as Series E Preferred Shares, 18,944,121 of which are issued and outstanding; in each case of (1) through (6), having the rights, privileges and preferences as set forth in the Existing Articles.

(ii) 212,174,158 authorized Ordinary Shares, of which (1) 50,000,000 Ordinary Shares are issued and outstanding, (2) 25,200,590 Ordinary Shares are reserved for issuance upon conversion of the Series A Preferred Shares, (3) 14,616,620 Ordinary Shares are reserved for issuance upon conversion of the Series A-1 Preferred Shares, (4) 40,381,300 Ordinary Shares are reserved for issuance upon conversion of the Series B Preferred Shares, (5) 18,751,201 Ordinary Shares are reserved for issuance upon conversion of the Series C Preferred Shares, (6) 21,241,560 Ordinary Shares are reserved for issuance upon conversion of the Series D Preferred Shares, (7) 18,944,121 Ordinary Shares are reserved for issuance upon conversion of the Series E Preferred Shares, (8) 19,332,530 Ordinary Shares are reserved for issuance pursuant to the Company Share Incentive Plan; 12,488,605 of which have been reserved in respect of options that have been granted and vested as of the Closing; 1,847,166 of which have been reserved in respect of options that have been granted, vested and exercised as of the Closing; and 2,464,924 of which have been reserved in respect of options that have been granted and are unvested as of the Closing, and (9) 3,706,236 Ordinary Shares are reserved for issuance to the chief executive officer of the Company, all of which have been reserved in respect of options that have been granted and are unvested as of the Closing.

(b) As of the Closing, all of the issued and outstanding Preferred Shares and Ordinary Shares are duly authorized, validly issued, fully paid and non-assessable. The ratio of conversion into Ordinary Shares for each of the Series A Preferred Shares, the Series A-1 Preferred Shares, the Series B Preferred Shares, the Series D Preferred Shares and the Series E Preferred Shares is 1:1, and the ratio of conversion into Ordinary Shares for each of the Series C Preferred Shares is 1:1.22586.

(c) Except for the Shareholders Agreement and as described in Section 3.6(a), as of the Closing, there are no outstanding Ordinary Shares, Preferred Shares, any other shares or equity of the Company, or any securities convertible into or exercisable or exchangeable for any of the foregoing, or any other options, warrants, subscriptions, or other rights, proxy or shareholders agreements or Contracts of any kind to which the Company is a party, either directly or indirectly, entitling the holder thereof to purchase or otherwise acquire or to compel the Company to issue, repurchase or redeem any shares or other securities of the Company. Except as contemplated by the Transaction Documents and the Shareholders Agreement, none of Trinityville Profit Limited, the Founder and the Group Companies is a party or subject to any Contract that affects or relates to the voting or giving of consents with respect to, the currently outstanding securities of the Company or any securities issuable upon exercise or conversion of its currently outstanding securities.

Section 3.7 Group Companies.

(a) Schedule C hereto sets forth a complete and accurate list of the Group Companies (other than the Company) and, for each such Group Company, its name, the jurisdiction in which it is incorporated or organized, the names of its shareholders and the amount of share capital or other equity interest in such Group Company held by each such shareholder. Each such Group Company (i) is a duly organized and validly existing company or other entity and, where applicable, in good standing under the laws of the jurisdiction of its incorporation or organization; (ii) is duly qualified or authorized to do business in each jurisdiction in which the conduct of its business or the ownership of its properties requires such qualification or authorization; and (iii) has all requisite corporate or entity power and authority to own, lease and operate its properties and carry on its business as now conducted.

(b) All the outstanding share capital, registered capital or other equity interest of each Group Company is validly issued, fully paid and non-assessable and are owned free and clear of all Liens (other than any Liens created under the Control Documents). Except pursuant to the Control Documents, there are no outstanding options, warrants, rights (including conversion or preemptive rights and rights of first refusal), subscriptions, or other rights, proxy or shareholders agreements or Contracts of any kind, either directly or indirectly, entitling the holder thereof to purchase or otherwise acquire or to compel any of the Group Companies (other than the Company) to issue, repurchase or redeem any share or other securities of any Group Company (other than the Company). Except as pursuant to the Control Documents, no Group Company (other than the Company) is a party or subject to any Contract that affects or relates to the voting or giving of written consents with respect to, or the right to cause the registration of, any share or other securities of any Group Company (other than the Company).

(c) (i) The Company has effective Control of the Domestic Companies and is the sole beneficiary of the Domestic Companies, (ii) all shareholders of the Domestic Companies have been in compliance with the terms of the Control Documents, (iii) the Control Documents are adequate to enable the financial statements of the Domestic Companies to be consolidated with those of the other Group Companies in accordance with the Applicable Accounting Standard and (iv) other than with respect to Beijing Zhi Mo Si Management Consulting Co., Ltd. and Beijing Rui Yi Car Service Co., Ltd., the pledge over the entire equity interests of the Domestic Companies in favor of the applicable Group Company (other than the Domestic Companies) has been duly registered with the competent Government Authority.

Section 3.8 Financial Statements.

(a) The Financial Statements (i) were prepared in accordance with the books of account and other financial records of the Group Companies, (ii) present fairly in all material respects the consolidated financial condition and results of operations of the Group Companies as of the dates thereof and for the periods covered thereby and (iii) have been prepared in accordance with Applicable Accounting Standards applied on a basis consistent with the past practices of the Group Companies subject to normal recurring year-end adjustments and the absence of notes.

(b) No Group Company has any Liabilities other than (i) Liabilities that are required to be and have been reflected or reserved in the Financial Statements, and (ii) Liabilities incurred in the ordinary course of business after the Balance Sheet Date which do not and would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

Section 3.9 Compliance with Laws and Other Instruments.

(a) Each Group Company is, and at all times has been, in compliance in all material respects with all Laws and Orders that are applicable to it or to the conduct or operation of the Business or the ownership or use of any of its properties and assets.

(b) None of the Group Companies is in violation of its business license, memorandum of association or articles of association, shareholders agreement, as appropriate, or equivalent constitutive documents as in effect.

(c) Each Group Company is, and at all times has been, in compliance with all applicable Laws relating to anti-bribery or anti-corruption (governmental or commercial), money laundering, sanctions or export controls.

ARTICLE IV

Representations and Warranties with Respect to Selling Shareholders

Each Selling Shareholder represents and warrants, severally and not jointly and in respect of itself only (and not in respect of any other Selling Shareholder), to the Purchaser each of the statements contained in this Article IV.

Section 4.1 Capacity. Such Selling Shareholder is duly organized, validly existing and in good standing under the Laws of the place of its incorporation or formation, and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now conducted.

Section 4.2 Authorization. Such Selling Shareholder has all requisite power and authority to execute and deliver this Agreement and the other Transaction Documents to which such Selling Shareholder is a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the other Transaction Documents to which such Selling Shareholder is a party and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of such Selling Shareholder. This Agreement has been, and each of the other Transaction Documents to which such Selling Shareholder is a party will be at or prior to the Closing, duly and validly executed and delivered by such Selling Shareholder and (assuming the due authorization, execution and delivery by the other parties hereto and thereto) this Agreement constitutes, and the other Transaction Documents to which such Selling Shareholder is a party will constitute, the legal, valid and binding obligations of such Selling Shareholder, enforceable against it in accordance with their respective terms, except as enforcement may be limited by general principles of equity, whether applied in a court of Law or a court of equity, and by applicable bankruptcy, insolvency and similar Law affecting creditors' rights and remedies generally.

Section 4.3 Conflicts; Consents of Third Parties.

(a) None of the execution, delivery and performance by such Selling Shareholder of this Agreement or the other Transaction Documents to which such Selling Shareholder is a party, the consummation of the transactions contemplated hereby or thereby, or compliance by such Selling Shareholder with any of the provisions hereof or thereof will breach or conflict with, or result in any violation of or default under (with or without notice or lapse of time, or both), any provision of (i) the memorandum and articles of association or comparable organizational documents of such Selling Shareholder, (ii) the Existing Articles or the memorandum and articles of association or comparable organizational documents of any other Group Company, (iii) any Law or Order applicable to such Selling Shareholder or (iv) any Contract to which such Selling Shareholder is a party or by which such Selling Shareholder or its property or assets is bound or result in the acceleration of any material obligation under any Contract.

(b) No consent, waiver, approval, Order, Permit or authorization of, or declaration or filing with, or notification to, any Government Authority or any other Person is required in connection with the execution and delivery of this Agreement or the other Transaction Documents or the compliance by such Selling Shareholder with any of the provisions hereof or thereof, or the consummation of the transactions contemplated hereby or thereby.

Section 4.4 Ownership and Transfer of Shares. Such Selling Shareholder is the record and beneficial owner of the Purchased Shares of such Selling Shareholder, free and clear of all Liens other than Permitted Liens. Such Selling Shareholder has the power to sell, transfer, assign and deliver its Purchased Shares as provided in this Agreement and, upon transfer and delivery of such Purchased Shares to the Purchaser and payment therefor in accordance with this Agreement, subject only to the entry of the name of the Purchaser as the holder of such Purchased Shares in the register of members of the Company, such transfer and delivery will convey to the Purchaser good and marketable title to such Purchased Shares, free and clear of all Liens other than Permitted Liens. Each Purchased Share of such Selling Shareholder is duly authorized, validly issued, fully paid and non-assessable.

Section 4.5 No Litigation. No Legal Proceedings are pending with respect to its Purchased Shares or such Selling Shareholder or any of its Affiliates which questions the validity of the Transaction Documents, the right of such Selling Shareholder to enter into the Transaction Documents to which such Selling Shareholder is a party, the rights and obligations of such Selling Shareholder to consummate the transactions contemplated by such Transaction Documents, or which would reasonably be expected to prohibit or materially delay the consummation of the transactions contemplated by this Agreement.

Section 4.6 Brokers. No broker, finder or investment banker is entitled to receive from the Purchaser or, to the Knowledge of such Selling Shareholder, any Group Company any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of such Selling Shareholder.

Section 4.7 Accuracy of Disclosure. True and complete copies of the Existing Articles and the Shareholders Agreement, which are in full force and effect as of the date hereof and as of immediately prior to the Closing, have been furnished to the Purchaser, and such documents have not been amended or restated in any way since the date thereof.

Section 4.8 Private Placement; Non-U.S. Person. Such Selling Shareholder (if such Selling Shareholder will receive any Share Portion of Purchase Price at the Closing) understands that (a) the Share Portion of Purchase Price has not been registered under the Securities Act or any state securities Law and (b) the Share Portion of Purchase Price may not be sold unless such disposition is registered under the Securities Act and applicable state securities Law or is exempt from registration thereunder. Such Selling Shareholder (if such Selling Shareholder will receive any Share Portion of Purchase Price at the Closing) represents that it is either: (i) an institutional “accredited investor” (as defined in Rule 501(a) of Regulation D under the Securities Act) or (ii) not a U.S. Person and is located outside of the United States, as such terms are defined in Rule 902 of Regulation S under the Securities Act.

Section 4.9 No Other Representation. Other than the representations and warranties explicitly set forth in Articles III and IV of this Agreement and the representations and warranties in the other Transaction Documents, such Selling Shareholder is not making any other representations and warranties to the Purchaser in connection with the transactions contemplated by this Agreement.

## ARTICLE V

### Representations and Warranties of Purchaser

The Purchaser represents and warrants to the Selling Shareholders each of the statements contained in this Article V.

Section 5.1 Organization and Good Standing. The Purchaser is duly organized, validly existing and in good standing under the Laws of the Cayman Islands, and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now conducted.

Section 5.2 Authorization. The Purchaser has all requisite power and authority to execute and deliver this Agreement and the other Transaction Documents to which the Purchaser is a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the other Transaction Documents to which the Purchaser is a party and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of the Purchaser. This Agreement has been, and each of the other Transaction Documents to which the Purchaser is a party will be at or prior to the Closing, duly and validly executed and delivered by the Purchaser and (assuming the due authorization, execution and delivery by the other parties hereto and thereto) this Agreement constitutes, and the other Transaction Documents to which the Purchaser is a party will constitute, the legal, valid and binding obligations of the Purchaser, enforceable against it in accordance with their respective terms, except as enforcement may be limited by general principles of equity, whether applied in a court of Law or a court of equity, and by applicable bankruptcy, insolvency and similar Law affecting creditors’ rights and remedies generally.

Section 5.3 Conflicts; Consents of Third Parties

(a) None of the execution, delivery and performance by the Purchaser of this Agreement or the other Transaction Documents to which the Purchaser is a party, the consummation of the transactions contemplated hereby or thereby, or compliance by the Purchaser with any of the provisions hereof or thereof will breach or conflict with, or result in any violation of or default under (with or without notice or lapse of time, or both), any provision of (i) the memorandum and articles of association of the Purchaser (the "Purchaser Articles"), (ii) any Law or Order applicable to the Purchaser or (iv) any Contract to which the Purchaser is a party or by which the Purchaser or its property or assets is bound or result in the acceleration of any material obligation under any Contract except to the extent such violation or default would not have a material adverse effect on the Purchaser's ability to consummate the transactions contemplated herein.

(b) No consent, waiver, approval, Order, Permit or authorization of, or declaration or filing with, or notification to, any Government Authority or any other Person is required in connection with the execution and delivery of this Agreement or the other Transaction Documents or the compliance by the Purchaser with any of the provisions hereof or thereof, or the consummation of the transactions contemplated hereby or thereby, except for the registration with the SEC contemplated by the Registration Rights Agreement and a supplemental listing application to the New York Stock Exchange.

Section 5.4 Purchaser Shares; Valid Issuance. The Purchaser Shares to be issued pursuant to this Agreement will, when issued in accordance with the provisions of this Agreement, be validly issued, fully paid and nonassessable assuming the accuracy of the representations and warranties made by the Selling Shareholders in Section 4.8 of this Agreement and American depositary shares representing the Purchaser Shares are expected to be eligible for trading on the New York Stock Exchange.

Section 5.5 Capitalization.

(a) As of March 31, 2015, the entire share capital of the Purchaser consists of 5,000,000,000 authorized ordinary shares, par value US\$0.00001 per share, of which (1) 4,800,000,000 shares are designated as Class A Ordinary Shares, (a) 107,140,626 of which are issued and outstanding and (b) 25,618,853 of which are reserved for issuance pursuant to the Purchaser's share incentive plans, 3,339,826 of which have been granted and outstanding and are vested as of March 31, 2015, and (2) 200,000,000 shares of which are designated as Class B Ordinary Shares, 74,500,479 of which are issued and outstanding; in either case of (1) or (2), having the rights, privileges and preferences as set forth in the Purchaser Articles. All of the issued and outstanding ordinary shares of the Purchaser are duly authorized, validly issued, fully paid and non-assessable.

(b) As of March 31, 2015, there are no outstanding ordinary shares, preferred shares, any other shares or equity of the Purchaser, or any securities convertible into or exercisable or exchangeable for any of the foregoing, or any other options, warrants, subscriptions, or other rights, proxy or shareholders agreements or Contracts of any kind, either directly or indirectly, entitling the holder thereof to purchase or otherwise acquire or to compel the Purchaser to issue, repurchase or redeem any shares or other securities of the Purchaser.

Section 5.6 SEC Filings; Financial Statements; Compliance.

(a) The Purchaser has filed with or furnished to the SEC, as applicable, all reports, forms and other filings required to be filed with or furnished to the SEC by the Purchaser since November 1, 2013 pursuant to the Securities Act or the Securities Exchange Act (collectively, together with any exhibits and schedules thereto and other information incorporated therein, the “SEC Documents”). As of the time it was filed with the SEC (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing): (i) each of the SEC Documents complied in all material respects with the applicable requirements of the Securities Act or the Exchange Act (as the case may be); and (ii) none of the SEC Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(b) The consolidated financial statements contained in the SEC Documents: (i) complied as to form in all material respects with the published rules and regulations of the SEC applicable thereto; (ii) were prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods covered, except as may be indicated in the notes to such financial statements and except that unaudited financial statements may not contain footnotes and are subject to year-end audit adjustments; and (iii) fairly present in all material respects the consolidated financial position of the Purchaser and its consolidated subsidiaries as of the respective dates thereof and the consolidated results of operations of Purchaser and its consolidated subsidiaries for the periods covered thereby.

(c) The Purchaser is and has conducted its business (and each of its subsidiaries is and has conducted its business) in compliance with applicable Laws relating to anti-bribery or anti-corruption (governmental or commercial), money laundering, sanctions or export controls, except as disclosed in the SEC Documents.

Section 5.7 Brokers. No broker, finder or investment banker is entitled to receive from any Selling Shareholder or Group Company any brokerage, finder’s or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of the Purchaser.

Section 5.8 Shareholder Arrangements. Except as set forth herein or in any other Transaction Document or as otherwise disclosed to each Selling Shareholder, neither Purchaser nor any of its Affiliates is a party to any Contract, or has made or entered into any formal or informal arrangements or other understandings (whether or not binding), with any Selling Shareholder or any of their respective Affiliates relating to this Agreement, the Current Transaction or any other transactions contemplated by this Agreement.

Section 5.9 No Other Representation. Other than the representations and warranties explicitly set forth in this Article V and the representations and warranties contained in the other Transaction Documents, the Purchaser is not making any other representations and warranties to the Selling Shareholders in connection with the transactions contemplated by this Agreement.

## ARTICLE VI

### Covenants and Additional Agreements

Section 6.1 Further Assurances. Each Party shall use its reasonable best efforts to take all actions necessary or advisable and do all things (including to execute and deliver documents and other papers) necessary or advisable to consummate the transactions contemplated by this Agreement and the other Transaction Documents.

Section 6.2 Confidentiality and Publicity.

(a) Each Party agrees to, and shall cause its agents, representatives, Affiliates, employees, officers and directors to: (i) treat and hold as confidential (and not disclose or provide access to any Person to) all confidential or proprietary information with respect to the other Parties, the Business or the Group Companies or relating to the transactions contemplated hereby, (ii) in the event that any Party or any agent, representative, Affiliate, employee, officer or director of such Party becomes legally compelled to disclose any such information (except for the information that is required to be disclosed in the Purchaser's filing or reporting with the SEC as required under applicable securities law, including the Purchaser's annual report on Form 20-F), provide the relevant Party with prompt written notice of such requirement so that the relevant Party may seek a protective order or other remedy or waive compliance with this Section 6.2(a), and (iii) in the event that such protective order or other remedy is not obtained, or the relevant Party waive compliance with this Section 6.2(a), furnish only that portion of such confidential information which is legally required to be provided and exercise its commercially reasonable efforts to obtain assurances that confidential treatment will be accorded such information; provided, however, that this Section 6.2(a) shall not apply to any information that, at the time of disclosure, is in the public domain and was not disclosed in breach of this Agreement by such Party or any of its agents, representatives, Affiliates, employees, officers or directors.

(b) No Party shall make, or cause to be made, any press release or public announcement in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of the Purchaser (in the case of a proposed release or announcement by any Selling Shareholder) or of the Selling Shareholders (in the case of a proposed release or announcement by the Purchaser), unless otherwise required by Law or Government Authority.

Section 6.3 Tax Filing.

(a) The Purchaser shall withhold the Withheld Amount from the Purchase Price payable to the Selling Shareholders and set aside such amount in an interest bearing account as a separate pool of funds (together with the interest earned thereon, if any, the "Withheld Funds") for the purposes set forth in this Section 6.3. The Purchaser shall maintain a ledger for the Withheld Funds showing the Withheld Funds for each Selling Shareholder individually. Unless expressly permitted hereunder, the Purchaser shall not utilize any of such the Withheld Funds without the prior written approval by the affected Selling Shareholders. The Withheld Funds shall be withheld by the Purchaser for a period that ends on the second (2<sup>nd</sup>) anniversary of the Closing Date (the "Withhold Expiration Date").

(b) The Parties hereby acknowledge, covenant and agree that (i) the Purchaser shall have no obligation to pay any Tax of any nature that is required by applicable Law to be paid by any Selling Shareholder or its Affiliates or their respective direct and indirect partners, members and shareholders arising out of the transactions contemplated by this Agreement and the other Transaction Documents, and (ii) each Selling Shareholder agrees to bear and pay any Tax of any nature that is required by applicable Laws to be paid by it arising out of the transactions contemplated by this Agreement and the other Transaction Documents.

(c) Each of the Selling Shareholders shall, at its own expense, as soon as possible within thirty (30) days following the Closing Date (and in any event within the period required by Circular 7), duly and properly make with the applicable PRC Taxing Authority (being the PRC Taxing Authority to which such filings are to be made pursuant to applicable Law) (the “Relevant PRC Tax Authority”) the relevant Tax filings and disclosures that are required by (and shall make such filings and disclosures in accordance with the requirements of) applicable Law (including Circular 7) in connection with the transactions contemplated by this Agreement and the other Transaction Documents. After such Tax filing, each Selling Shareholder agrees to use its commercially reasonable efforts to promptly submit all documents supplementally requested by the Relevant PRC Tax Authority in connection with such Tax filing, and give regular updates to the Purchaser as to the determination (and delivers to the Purchaser assessment notices, if any, issued by the Relevant PRC Tax Authority in connection with such determination).

(d) To the extent that any Selling Shareholder is determined by the Relevant PRC Tax Authority to be required by applicable Law (including Circular 7) to pay Taxes in connection with the transactions contemplated by this Agreement and the other Transaction Documents (the “Selling Taxes”), the Purchaser shall, within such period of time as required by the Relevant PRC Tax Authority, (i)(A) promptly upon receipt of a written request from such Selling Shareholder together with reasonable supporting documentation, release an amount equal to the Selling Taxes out of the Withheld Funds for such Selling Shareholder to pay the Relevant PRC Tax Authority or (B) if no such request is received by the Purchaser, pay such Selling Taxes out of the Withheld Amount for such Selling Shareholder in the Withheld Funds (in each case, the paying party shall provide the other, as soon as reasonably practicable, with evidence that such Selling Taxes have been paid in the form of a receipt of payment issued by the Relevant PRC Tax Authority), and (ii) the Withheld Amount for such Selling Shareholder in the Withheld Funds shall be deemed to have been reduced by the amount of (x) funds released to such Selling Shareholder for the payment of the Selling Taxes or (y) the Selling Taxes paid on behalf of such Selling Shareholder.

(e) To the extent that the Withheld Amount for any Selling Shareholder is less than the amount of the Selling Taxes that such Selling Shareholder is required by the Relevant PRC Tax Authority to pay, such Selling Shareholder shall, within such period of time as required by the Relevant PRC Tax Authority, pay the portion of the Selling Taxes that exceeds the Withheld Amount, and shall provide such Purchaser, as soon as reasonably practicable, with evidence that such Selling Taxes have been paid in the form of a receipt of payment issued by the Relevant PRC Tax Authority.

(f) (i) If the Tax obligations of a Selling Shareholder has been fully settled pursuant to Section 6.3 prior to the Withhold Expiration Date and if there is any remaining Withheld Amount in the Withheld Funds, the Purchaser shall, promptly after receiving a formal receipt of Tax payment and full settlement issued by the Relevant PRC Tax Authority but in any event no later than thirty (30) days after it receives such receipt, release such relevant remaining Withheld Amount attributable to such Selling Shareholder together with interest earned thereon, if any, by wire transfer of immediately available funds to its Selling Shareholder Bank Account; (ii) if there is any remaining Withheld Amount in the Withheld Funds as of the close of business on the Withhold Expiration Date, the Purchaser shall, promptly after the Withhold Expiration Date but in any event no later than thirty (30) days after the Withhold Expiration Date release such remaining Withheld Amount to such Selling Shareholder by wire transfer of immediately available funds to its Selling Shareholder Bank Account.

(g) For the avoidance of doubt, the foregoing provisions of Section 6.3 shall apply to the part of Preferred Liquidation Premium paid to each of the Selling Shareholders in the case of a Qualified Liquidation Event, if any, pursuant to Section 2.7, and the Withheld Amount with respect to such Selling Shareholder shall be updated at that time to include such amount to be withheld in the event of a Qualified Liquidation Event as set forth on Schedule A, and the Withhold Expiration Date with respect to such part of Withheld Amount shall be the second (2<sup>nd</sup>) anniversary of the closing date of the Qualified Liquidation Event.

**Section 6.4** Lock-up. Each of the Selling Shareholders who will receive Purchaser Shares as part or all of the Purchase Price for the Purchased Shares and the Shareholder Rights of such Selling Shareholder at the Closing shall not, directly or indirectly, Transfer any portion or interest of the Purchaser Shares acquired hereunder, without the prior written consent of the Purchaser for a period of twelve (12) months following the Closing Date; provided, however, that the foregoing lock-up period for Classroom Investments Inc., Chan Kei Lim, LT Growth Investment IV Limited and Nokia Growth Partners II L.P., who will receive at least fifty percent (50%) of the Purchase Price in immediately available funds as provided on Schedule A shall be six (6) months. Any purported sale, transfer, pledge, encumbrance, assignment, loan or disposition of the Purchaser Shares in violation of the foregoing sentence without the prior written consent of the Purchaser shall be null and void.

**Section 6.5** Pre-Closing Notifications. Prior to the date of this Agreement, each Selling Shareholder has delivered to the Purchaser a written statement, duly executed by an authorized signatory of such Selling Shareholder, setting forth with respect to each Selling Shareholder, details of a bank account or bank accounts designated by such Selling Shareholder at a bank or banks capable of receiving international wires in US\$ for purposes of receiving the payment of the Purchase Price for such Selling Shareholder at the Closing (each such account, the "Selling Shareholder Bank Account" of such Selling Shareholder). Each Selling Shareholder hereby agrees, acknowledges and confirms that any amount of payment by or on behalf of the Purchaser into the Selling Shareholder Bank Account of such Selling Shareholder shall constitute full performance and discharge of the Purchaser's obligation, as applicable, to pay such amount to such Selling Shareholder under this Agreement.

**Section 6.6** Purchaser Board of Directors.

(a) From and after the closing of a Liquidation Event (as such term is defined in Section 2 of Schedule A of the Exiting Articles) or a Qualified Liquidation Event, Glee Investment Limited ("Carlyle") shall have the right, in its sole discretion, to designate one individual (the "Carlyle Designee") to serve as a member of the board of directors of the Purchaser (the "Purchaser Board"). Subject to the foregoing, upon receiving a written notice designating the Carlyle Designee from Carlyle, the Purchaser shall, by a resolution of its directors passed in accordance with the Purchaser Articles and applicable Law, promptly cause the appointment of such Carlyle Designee to the Purchaser Board.

(b) As long as Carlyle has the right to appoint a member to the Purchaser Board pursuant to Sections 6.6(a) and (d), in the event of (i) the resignation, death, removal or other disqualification of the Carlyle Designee pursuant to the Purchaser Articles or (ii) the removal of the Carlyle Designee by Carlyle pursuant to this Section 6.6, Carlyle shall have the right, in its sole discretion, to designate another individual to serve as a member of the Purchaser Board. Upon receiving a written notice designating such replacement Carlyle Designee from Carlyle, the Purchaser shall, by a resolution of its directors passed in accordance with the Purchaser Articles and applicable Law, promptly cause the appointment of such Carlyle Designee to the Purchaser Board.

(c) As long as Carlyle has the right to appoint a member to the Purchaser Board pursuant to Sections 6.6(a) and (d), Carlyle shall have the right to request the removal of the Carlyle Designee from the Purchaser Board at any time in its sole discretion. Upon receiving a written notice requesting such removal from Carlyle, the Purchaser shall, by a resolution of its directors passed in accordance with the Purchaser Articles and applicable Law, promptly cause the removal of such Carlyle Designee from the Purchaser Board. The Purchaser shall procure that the Carlyle Designee is not otherwise removed from the Board except as required by the Purchaser Articles or applicable Law. The removal of a Carlyle Designee shall not affect Carlyle's right to designate another Carlyle Designee pursuant to this Section 6.6.

(d) The rights of Carlyle set forth in this Section 6.6 shall terminate at such time as (i) Carlyle ceases to beneficially own directly or indirectly at least 80% of the Purchaser Shares issued by the Purchaser to Carlyle at the Closing (or American Depositary Shares representing an equivalent number of Purchaser Shares), or (ii) Carlyle permits any issuance or direct or indirect transfer of equity interest in itself (other than to its direct shareholders as of the date hereof).

#### Section 6.7 Conduct of Business After Closing.

(a) During the period from the date of the Closing and continuing until the date that is six (6) months following the Closing, except to the extent that Selling Shareholders shall otherwise consent in writing or as specifically contemplated by this Agreement, the Purchaser shall not, directly or indirectly, exercise any of the veto rights of the Preferred Shares set forth in Section 7.2(a) of the Shareholders Agreement or in Section 6(a) of Schedule A to the Existing Articles.

(b) During the period from the date of the Closing and continuing until the date that is six (6) months following the Closing, except to the extent that the Purchaser shall otherwise consent in writing or as specifically contemplated by this Agreement, the Selling Shareholders shall not, in their capacity as shareholders of the Company or otherwise, and shall not cause or permit the Company to, directly or indirectly, authorize, do, or propose to do, any of the following without the prior written consent of the Purchaser:

- (i) conduct financing activities and/or raise money through any methods, including issuing equity, instrument convertible or exercisable for equity, convertible debt and/or debt, through private placements, public offerings, bank or third-party financing, capital markets transaction or any other form

(ii) amend or alter the Shareholders Agreement in a way that is reasonably likely to dilute the Purchaser's interest in the Company or otherwise impacts adversely the rights and benefits of the Purchaser as a shareholder under Shareholders Agreement

(iii) adopt or propose any change to, or vote in favor of any proposal submitted to shareholders of the Company providing for the adoption of any change to, the Company's memorandum and articles of association, which change is reasonably likely to dilute the Purchaser's interest in the Company or otherwise impacts adversely the rights and benefits of the Purchaser as a shareholder of the Company; or

(iv) take any action of any kind, including any of the matters listed in Section 6.7(b)(i), that would have the effect of diluting the Purchaser's equity interest in the Company (with the exception of any shares issued pursuant to the Company's share option plan or upon conversion of the Preferred Shares).

If the Selling Shareholders violate any of the covenants set forth in this Section 6.7(b) and fail to cure any such default within five (5) Business Days following notice thereof, the Purchaser shall have the ability to exercise its rights under Section 6(a) of Schedule A to the Existing Articles and Section 7(a) of the Shareholders Agreement.

(c) The Selling Shareholders hereby waive any application of the Shareholders Agreement to the transactions contemplated by this Agreement. In addition, promptly following the Closing and in any event within fifteen (15) Business Days following the Closing, the Selling Shareholders and the Purchaser shall take all necessary action and execute all necessary consents to amend the Shareholders Agreement to remove Section 5.7 thereof.

(d) Promptly after the Closing, each of the Selling Shareholders and the Purchaser shall (A) amend the Shareholders Agreement, (B) adopt or propose any change to, or vote in favor of any proposal submitted to shareholders of the Company providing for the adoption of any change to, the Existing Articles, and (C) use its reasonable best efforts to take all other actions necessary or advisable and do all other things (including to execute and deliver documents and other papers) necessary or advisable, and cause the Company, to procure the following:

(i) the Purchaser shall have the right, in its sole discretion, to designate one individual (the "Purchaser Nominee") to serve as a member of the board of directors of the Company (the "Company Board"). Upon receiving a written notice designating the Purchaser Nominee from the Purchaser, the Company shall, by a resolution of its directors passed in accordance with the Company's memorandum and articles and applicable Law, promptly cause the appointment of such Purchaser Nominee to the Company Board.

(ii) in the event of (A) the resignation, death, removal or other disqualification of the Purchaser Nominee pursuant to the Company's memorandum and articles or (B) the removal of the Purchaser Nominee by the Purchaser pursuant to the clause (i) above, the Purchaser shall have the right, in its sole discretion, to designate another individual to serve as a member of the Company Board. Upon receiving a written notice designating such replacement Purchaser Nominee from the Purchaser, the Company shall, by a resolution of its directors passed in accordance with the Company's memorandum and articles and applicable Law, promptly cause the appointment of such Purchaser Nominee to the Company Board.

(iii) the Purchaser shall have the right to request the removal of the Purchaser Nominee from the Company Board at any time in its sole discretion. Upon receiving a written notice requesting such removal from the Purchaser, the Company shall, by a resolution of its directors passed in accordance with the Company's memorandum and articles and applicable Law, promptly cause the removal of such Purchaser Nominee from the Company Board. The Company shall procure that the Purchaser Nominee is not otherwise removed from the Board except as required by the Company's memorandum and articles or applicable Law. The removal of a Purchaser Nominee shall not affect the Purchaser's right to designate another Purchaser Nominee pursuant to the clause (i) above.

Section 6.8 Additional Undertakings.

(a) New Company Options. Promptly following the Closing, the Selling Shareholders and the Purchaser shall take all necessary corporate action, including the adoption of necessary board and/or shareholder resolutions and consents to cause the Company to grant Trinityville Profit Limited additional options to purchase Ordinary Shares of the Company representing 4.5% of the fully diluted share capital of the Company as of immediately prior to such option grant (the "New Company Options"), such New Company Options to vest upon the closing of a Qualified Liquidation Event. In the event that Section 2.7(b) of this Agreement has terminated by its terms, the Parties agree that (i) the New Company Options shall terminate and be of no further force and effect, and (ii) the resulting reverse dilution shall be spread pro rata among the Selling Shareholders (including Trinityville Profit Limited) only. The Selling Shareholders and the Purchaser agree to effect such share transfers and/or new issuances of Company Ordinary Shares as are necessary to effect the foregoing principle.

(b) Liquidity Based Options. Promptly following the Closing, the Selling Shareholders and the Purchaser shall take all necessary corporate action, including the adoption of necessary board and/or shareholder resolutions and consents to cause the Company to effect the full acceleration of (i) the vesting of the 3,706,236 Ordinary Shares of the Company subject to the previously granted option to the Founder (the "Liquidity Based Options") and (ii) the vesting of a certain portion of the 2,464,924 Ordinary Shares of the Company subject to previously granted options to certain key management to be determined by the Founder, in each case, such acceleration to take effect upon the closing of a Qualified Liquidation Event.

(c) Co-Sale Rights. If, at any time within twelve (12) months after the Closing, any additional Shares are proposed to be acquired by or on behalf of the Purchaser or any of its Affiliates (other than the Group Companies), the Purchaser or such Affiliate shall offer to purchase a pro rata percentage of the Shares held by the Selling Shareholders after the Closing on identical terms which shall be offered to all of the Selling Shareholders on a basis consistent with the terms and conditions for the Current Transaction, including at a purchase price which represents an implied valuation of the Company which is not less than the equity valuation of the Company implied by the Current Transaction, and subject to Section 2.7 of this Agreement. No Selling Shareholder may sell any Shares to the Purchaser or any of its Affiliates unless the preceding obligations of this Section 6.8(c) have been complied with.

(d) Pledges Over Domestic Companies. Following the Closing, Trinityville Profit Limited and the Founder shall use their commercially reasonable efforts to cause the pledges over the entire equity interests of Beijing Zhi Mo Si Management Consulting Co., Ltd. and Beijing Rui Yi Car Service Co., Ltd. in favor of the applicable Group Company(ies) (other than the Domestic Companies) to be duly registered with the competent Government Authority as soon as reasonably practicable.

Section 6.9 Shareholders Resolutions to Appoint New Director. The Selling Shareholders, being all the shareholders of the Company, hereby adopt unanimous resolutions as set forth on Schedule E (the "Shareholders Resolutions") and acknowledge and agree that their execution of this Agreement shall be deemed as signing and adopting the Shareholders Resolutions.

## ARTICLE VII

### Conditions to Closing

Section 7.1 Conditions Precedent to Obligations of the Purchaser. Subject to Section 2.6, the obligation of the Purchaser to consummate the transactions contemplated by this Agreement with respect to any particular Selling Shareholder is subject to the fulfillment, on or prior to the Closing Date, of each of the following conditions with respect to that particular Selling Shareholder (any or all of which may be waived by the Purchaser, in its sole discretion, in whole or in part to the extent permitted by applicable Law):

(a) the representations and warranties of the relevant Selling Shareholder set forth in Article III and Article IV shall be true and correct in all respects as of the Closing, except to the extent such representations and warranties relate to another date (in which case such representations and warranties shall be true and correct in all respects as of such other date with the same force and effect as if made as of such other date); and

(b) the relevant Selling Shareholder shall have performed and complied with each of the obligations and agreements required by this Agreement to be performed or complied with by it on or prior to the Closing Date.

Section 7.2 Conditions Precedent to Obligations of the Selling Shareholders. The obligations of the Selling Shareholders to consummate the transactions contemplated by this Agreement are subject to the fulfillment, prior to or on the Closing Date, of each of the following conditions (any or all of which may be waived by each Selling Shareholder in its sole discretion in whole or in part to the extent permitted by applicable Law):

(a) the representations and warranties of the Purchaser set forth in this Agreement shall be true and correct in all respects as of the Closing, except to the extent such representations and warranties relate to another date (in which case such representations and warranties shall be true and correct in all respects as of such other date with the same force and effect as if made as of such other date); and

(b) the Purchaser shall have performed and complied with each of the obligations and agreements required by this Agreement to be performed or complied with by the Purchaser on or prior to the Closing Date.

## ARTICLE VIII

### INDEMNIFICATION

Section 8.1 Survival of Representations, Warranties and Covenants. The representations and warranties of each Party contained in this Agreement shall survive the Closing until the date that is twenty-four (24) months following the Closing Date. The covenants and other agreements of each Party contained in this Agreement shall survive the Closing until fully discharged in accordance with their terms, except for those covenants and agreements which shall be complied with or discharged prior to the Closing in accordance with the terms of this Agreement. If written notice of a claim for indemnification has been given in accordance with Section 8.2 prior to the time at which the applicable representations, warranties, covenants or other agreements would otherwise terminate pursuant to the foregoing, then the relevant representations, warranties, covenants or other agreements shall survive such time as to such claim, until such claim has been finally resolved. Neither the period of survival nor the liability of the Selling Shareholders with respect to their respective representations, warranties, covenants and agreements shall be reduced by any investigation made at any time by or on behalf of the Purchaser.

Section 8.2 Indemnification.

(a) Indemnification by Selling Shareholders. From and after the Closing, each of the Selling Shareholders (other than Trinityville Profit Limited) shall, severally but not jointly, indemnify, defend and hold harmless the Purchaser and its Affiliates and their respective officers, directors, employees, agents, successors and permitted assigns (collectively, the "Purchaser Indemnitees") from and against all Liabilities, losses, damages, diminution in value, claims, costs and expenses (including reasonable attorneys' fees and expenses incurred in connection with the investigation or defense of any of the same or in responding to or cooperating with any governmental investigation), interest, awards, judgments, fines and penalties suffered or incurred by the Purchaser Indemnitees (in each case, whether absolute, accrued, conditional or otherwise and whether or not resulting from Third Party Claims) (hereinafter "Purchaser Losses") arising out of or relating to:

(i) the failure of (A) any of the representations or warranties in Article III.A and Article IV made herein by such Selling Shareholder as of the date hereof to be true and accurate when made or as of the Closing with the same force and effect as if made as of the Closing or (B) any of the representations or warranties in Article III.A and Article IV made herein by such Selling Shareholder as of another date herein to be true and accurate as of such date;

(ii) any breach or violation of, or failure to perform, any covenants or agreements in Article VI made herein by such Selling Shareholder; or

(iii) the failure to locate and deliver the original share certificate(s) representing the Purchased Shares of such Selling Shareholder.

(b) Indemnification by Trinityville Profit Limited and the Founder. From and after the Closing, each of Trinityville Profit Limited and the Founder shall, severally and jointly, indemnify, defend and hold harmless the Purchaser Indemnitees from and against all Purchaser Losses arising out of or relating to:

(i) the failure of (A) any of the representations or warranties in Article III.B and Article IV made herein by Trinityville Profit Limited and the Founder as of the date hereof to be true and accurate when made or as of the Closing with the same force and effect as if made as of the Closing or (B) any of the representations or warranties in Article III.B and Article IV made herein by Trinityville Profit Limited and the Founder as of another date herein to be true and accurate as of such date; or

(ii) any breach or violation of, or failure to perform, any covenants or agreements in Article VI made herein by Trinityville Profit Limited and the Founder.

(c) Indemnification by Purchaser. From and after the Closing, the Purchaser shall indemnify, defend and hold harmless the Selling Shareholders, their Affiliates and their respective officers, directors, employees, agents, successors and permitted assigns (collectively, the "Selling Shareholder Indemnitees") from and against all Liabilities, losses, damages, diminution in value, claims, costs and expenses (including reasonable attorneys' fees and expenses incurred in connection with the investigation or defense of any of the same or in responding to or cooperating with any governmental investigation), interest, awards, judgments, fines and penalties suffered or incurred by the Selling Shareholder Indemnitees (in each case, whether absolute, accrued, conditional or otherwise and whether or not resulting from Third Party Claims) (hereinafter "Selling Shareholder Losses", and together with Purchaser Losses, referred to herein as "Losses") arising out of or relating to:

(i) the failure of (A) any of the representations or warranties in Article V made herein by the Purchaser as of the date hereof to be true and accurate when made or as of the Closing with the same force and effect as if made as of the Closing, or (B) any of the representations or warranties in Article V made herein by the Purchaser as of another date herein to be true and accurate as of such date; or

(ii) any breach or violation of, or failure to perform, any covenants or agreements made herein by the Purchaser.

(d) Procedures Relating to Indemnification.

(i) Any Party seeking indemnification under this Section 8.2 (an “Indemnified Party”) shall promptly give the Party from whom indemnification is being sought (an “Indemnifying Party”) notice of any matter which such Indemnified Party has determined has given or would reasonably be expected to give rise to a right of indemnification under this Agreement stating in reasonable detail the nature of the claim, and containing a reference to the provisions of this Agreement in respect of which such right of indemnification is claimed or arises; provided, however, that the failure to provide such notice shall not release the Indemnifying Party from any of its obligations under this Section 8.2 except to the extent the Indemnifying Party is materially prejudiced by such failure. With respect to any recovery or indemnification sought by an Indemnified Party from the Indemnifying Party that does not involve a Third Party Claim, if the Indemnifying Party does not notify the Indemnified Party within thirty (30) days from its receipt of the notice from the Indemnified Party that the Indemnifying Party disputes such claim, the Indemnifying Party shall be deemed to have accepted and agreed with such claim. If the Indemnifying Party has disputed a claim for indemnification (including any Third Party Claim), the Indemnifying Party and the Indemnified Party shall proceed in good faith to negotiate a resolution to such dispute. If the Indemnifying Party and the Indemnified Party cannot resolve such dispute in thirty (30) days after delivery of the dispute notice by the Indemnifying Party, such dispute shall be resolved by arbitration pursuant to Section 9.3.

(ii) If an Indemnified Party shall receive notice of any Legal Proceeding, audit, demand or assessment (each, a “Third Party Claim”) against it or which may give rise to a claim for Loss under this Section 8.2, within 30 days of the receipt of such notice, the Indemnified Party shall give the Indemnifying Party notice of such Third Party Claim; provided, however, that the failure to provide such notice shall not release the Indemnifying Party from any of its obligations under this Section 8.2 except to the extent that the Indemnifying Party is materially prejudiced by such failure. If the Indemnifying Party acknowledges in writing its obligation to indemnify the Indemnified Party hereunder against any Losses that may result from such Third Party Claim, then the Indemnifying Party shall be entitled to assume and control the defense of such Third Party Claim at its expense and through counsel of its choice if it gives notice of its intention to do so to the Indemnified Party within five days of the receipt of such notice from the Indemnified Party; provided, however, that if there exists or is reasonably likely to exist a conflict of interest that would make it inappropriate in the judgment of the Indemnified Party in its sole and absolute discretion for the same counsel to represent both the Indemnified Party and the Indemnifying Party, then the Indemnified Party shall be entitled to retain its own counsel in each jurisdiction for which the Indemnified Party determines counsel is required, at the Indemnifying Party’s expense. In the event that the Indemnifying Party exercises the right to undertake any such defense against any such Third Party Claim as provided above, the Indemnified Party shall cooperate with the Indemnifying Party in such defense and make available to the Indemnifying Party, at the Indemnifying Party’s expense, all witnesses, pertinent records, materials and information in the Indemnified Party’s possession or under the Indemnified Party’s control relating thereto as is reasonably required by the Indemnifying Party. Similarly, in the event the Indemnified Party is, directly or indirectly, conducting the defense against any such Third Party Claim, the Indemnifying Party shall cooperate with the Indemnified Party in such defense and make available to the Indemnified Party, at the Indemnifying Party’s expense, all such witnesses, records, materials and information in the Indemnifying Party’s possession or under the Indemnifying Party’s control relating thereto as is reasonably required by the Indemnified Party. No such Third Party Claim may be settled by the Indemnifying Party without the prior written consent of the Indemnified Party.

Section 8.3 Certain Limitations. The indemnification provided for in Section 8.2 shall be subject to the following limitations:

(a) Each Selling Shareholder is entitled to claim against any other Selling Shareholder for contribution, reimbursement, indemnification and other participation.

(b) In no event shall any Selling Shareholder (other than Trinityville Profit Limited) (except in cases involving fraud or intentional misconduct of such Selling Shareholder) be liable to the Purchaser in an amount greater than the sum of the Purchase Price and the Preferred Liquidation Premium, if any pursuant to Section 2.7, actually received by such Selling Shareholder pursuant to this Agreement for all claims under this Agreement.

(c) In no event shall Trinityville Profit Limited and the Founder (except in cases involving fraud or intentional misconduct) be liable to the Purchaser in an amount greater than the sum of the Purchase Price and the Preferred Liquidation Premium, if any pursuant to Section 2.7, actually received by Trinityville Profit Limited pursuant to this Agreement for all claims under this Agreement.

(d) In no event shall the Purchaser be liable to any Selling Shareholder and all Selling Shareholder Indemnitees related to such Selling Shareholder under this Agreement for an amount greater than one hundred percent (100%) of the Purchase Price actually received by such Selling Shareholder, and in no event shall the aggregate liability of the Purchaser towards the Selling Shareholder Indemnitees under this Agreement exceed one hundred percent (100%) of the Aggregate Purchase Price, except in cases involving fraud or intentional misconduct of the Purchaser and the payment obligations under Section 2.2 and Section 2.7.

(e) In no event shall any Indemnifying Party be liable to any Indemnified Party for indemnification under Section 8.2 for any punitive, incidental, consequential, special or indirect damages.

(f) Notwithstanding anything in this Agreement to the contrary, any Loss under this Article VIII shall be determined without giving effect to any qualification contained in any representation and warranty as to materiality, including Material Adverse Effect.

(g) Notwithstanding anything in this Agreement to the contrary, the limitations on indemnification and liability set forth in this Section 8.3 shall not apply to a claim for Losses arising out of fraud or willful misconduct by any Party.

(h) For the avoidance of doubt, an Indemnified Party shall be entitled to recover from the applicable Indemnifying Party under this Article VIII for any Losses incurred by such Indemnified Party arising out of or resulting from the breach of any representation, warranty, covenant or agreement contained herein, as applicable, whether or not such Indemnified Party (or any of its Affiliates or Representatives) had any knowledge of the breach (or knowledge of any other facts or circumstances relating thereto) on or prior to the date hereof.

Section 8.4 Tax Treatment of Indemnification Payments. All indemnification payments made under this Article VIII shall be treated as adjustments to the Aggregate Purchase Price and the Purchase Price for the applicable Selling Shareholder for Tax purposes, unless otherwise required by applicable Law.

Section 8.5 Indemnification Sole and Exclusive Remedy. Following the Closing, indemnification pursuant to this Article VIII shall be the sole and exclusive remedy of the Parties and any parties claiming by or through any Party (including the Indemnified Parties) related to or arising from any breach of any representation, warranty, covenant or agreement contained in, or otherwise pursuant to, this Agreement, except in each case pursuant to Section 9.5 or in the case of fraud or willful misconduct.

## ARTICLE IX

### Miscellaneous

Section 9.1 Expenses. Except as otherwise provided in this Agreement, each Party shall bear its own costs and expenses incurred in connection with the negotiation and execution of this Agreement and each other Transaction Document and the consummation of the transactions contemplated hereby and thereby.

Section 9.2 Governing Law. **This Agreement will be governed by and construed in accordance with the laws of Hong Kong without giving effect to any choice or conflict of law provision or rule thereof.**

Section 9.3 Arbitration.

(a) Any dispute arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration in Hong Kong in accordance with the Hong Kong International Arbitration Center Administered Arbitration Rules (the "HKIAC Rules") in force when the notice of arbitration is submitted in accordance with the HKIAC Rules. The HKIAC Rules are deemed to be incorporated by reference to this clause. The tribunal shall be comprised of three arbitrators. The Purchaser and the Selling Shareholders shall each nominate one arbitrator and the third, who shall serve as president of the tribunal, shall be nominated by the party-nominated arbitrators. The arbitration shall be conducted in English. Each Party irrevocably and unconditionally consents to such arbitration as the sole and exclusive method of resolving any dispute arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination, other than any proceedings to seek the remedies of specific performance as contemplated by Section 9.5.

(b) The award of the arbitral tribunal shall be final and binding on the Parties. The Parties agree that they will not have recourse to any judicial proceedings, in any jurisdiction whatsoever, for the purpose of seeking appeal, annulment, setting aside, modification or any diminution or impairment of its terms or effect insofar as such exclusion can validly be made. Judgment upon any award rendered may be entered in any court having jurisdiction thereof, or application may be made to such court for a judicial acceptance of the award and an order of enforcement, as the case may be.

Section 9.4 **Entire Agreement; Amendments and Waivers.** This Agreement (including the schedules and exhibits hereto) and the other Transaction Documents represent the entire understanding and agreement among the Parties with respect to the subject matter hereof and thereof. This Agreement can be amended, supplemented or changed, and any provision hereof can be waived, only by written instrument making specific reference to this Agreement signed by the Purchaser and the Selling Shareholders (except as specifically contemplated by Section 2.6(b)). No action taken pursuant to this Agreement, including any investigation by or on behalf of any Party, shall be deemed to constitute a waiver by the Party taking such action of compliance with any representation, warranty, covenant or agreement contained herein. The waiver by any Party hereto of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. No failure on the part of any Party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such Party preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

Section 9.5 **Specific Performance.** The Parties acknowledge and agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that, each Party shall be entitled to specific performance of the terms hereof. It is accordingly agreed that, each Party shall be entitled to an injunction or injunctions to prevent such breaches of this Agreement and to enforce specifically (without proof of actual damages or harm, and not subject to any requirement for the securing or posting of any bond in connection therewith) such terms and provisions of this Agreement, this being in addition to any other remedy to which each Party is entitled at law or in equity.

Section 9.6 **Notices.** All notices and other communications under this Agreement shall be in writing and shall be deemed effectively given (i) when delivered personally by hand (with written confirmation of receipt), (ii) when sent by fax (with written confirmation of transmission) or (iii) two Business Days following the day sent by international overnight courier (with written confirmation of receipt), in each case at the addresses and facsimile numbers set forth on Schedule D (or to such other address or facsimile number as a party may have specified by notice given to the other party pursuant to this provision).

Section 9.7 **Severability.** If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any law or public policy, all other terms or provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

Section 9.8 Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. Nothing in this Agreement shall create or be deemed to create any third party beneficiary rights in any Person not a party to this Agreement except as provided in Section 8.2 hereof. No assignment of this Agreement or of any rights or obligations hereunder may be made by (i) any Selling Shareholder, directly or indirectly (by operation of law or otherwise), without the prior written consent of the Purchaser, and (ii) the Purchaser directly or indirectly (by operation of law or otherwise), without the prior written consent of the Selling Shareholders, and any attempted assignment in violation of this Section 9.8 shall be void; provided, that the Purchaser may assign its rights and obligations under this Agreement to any of its Affiliates.

Section 9.9 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.

\*\* REMAINDER OF PAGE INTENTIONALLY LEFT BLANK \*\*

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first written above.

**58.COM INC.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Chief Executive Officer

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first written above.

**Trinityville Profit Limited**

By: /s/ Haoyong Yang

Name: Haoyong Yang

Title: Authorized Representative

**Haoyong Yang**

/s/ Haoyong Yang

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first written above.

**NOKIA GROWTH PARTNERS II L.P.**

By: NG Partners II L.L.C.  
Its: General Partner

By: /s/ John Gardner  
Name: John Gardner  
Title: Managing Member

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first written above.

**SEQUOIA CAPITAL CHINA II, L.P.**

By: /s/ Yu Shan

Name: Yu Shan

Title: Authorized Signatory

**SEQUOIA CAPITAL CHINA PARTNERS FUND II, L.P.**

By: /s/ Yu Shan

Name: Yu Shan

Title: Authorized Signatory

**SEQUOIA CAPITAL PRINCIPALS FUND II, L.P.**

By: /s/ Yu Shan

Name: Yu Shan

Title: Authorized Signatory

**SEQUOIA CAPITAL 2010 CV HOLDCO, LTD.**

By: /s/ Yu Shan

Name: Yu Shan

Title: Authorized Signatory

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first written above.

**CG INFO SERVICES INVESTMENT LIMITED**

By: /s/ E-ho Mary Lam  
Name: E-ho Mary Lam  
Title: Authorized Signatory

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first written above.

**CHINA RENAISSANCE HOLDINGS LIMITED**

By: /s/ Fan Bao

Name: Fan Bao

Title: CEO

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first written above.

**CLASSROOM INVESTMENTS INC.**

By: /s/ Theresa Tam

Name: Theresa Tam

Title: Authorized Signatory

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first written above.

**CHAN KEI LIM**

/s/ Chan Kei Lim

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first written above.

**GLEE INVESTMENT LIMITED**

By: /s/ Norma Kuntz  
Name: Norma Kuntz  
Title: Director

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first written above.

**INTERNET FUND II PTE. LTD.**

By: /s/ Venkatagin Mudeliar  
Name: Venkatagiri Mudeliar  
Title: Director

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first written above.

**TIGER GLOBAL MAURITIUS FUND**

By: /s/ Moussa Taujoo  
Name: Moussa Taujoo  
Title: Director

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first written above.

**LT GROWTH INVESTMENT IV LIMITED**

By: /s/ Wenting Deng  
Name: Wenting Deng  
Title: Director

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first written above.

**BlueRun Ventures IV, L.P.**

By: BRV Partners IV, L.P.  
Its: General Partner

By: BRV Partners IV, Ltd.  
Its: General Partner

By: /s/ Jonathan Ebinger  
Name: Jonathan Ebinger  
Title: Authorized Signatory

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**REGISTRATION RIGHTS AGREEMENT**

THIS REGISTRATION RIGHTS AGREEMENT (this “**Agreement**”) is made as of April 20, 2015 by and among:

- (1) 58.com, Inc., a company incorporated under the laws of the Cayman Islands (the “**Company**”); and
- (2) each of the parties set forth in Schedule 1 hereto (each, an “**Investor**”, and collectively, the “**Investors**”).

The Investors on the one hand, and the Company on the other hand, are herein referred to each as a “**Party**,” and collectively as the “**Parties**.”

**RECITALS**

- A. On the date hereof, the Company and the Investors have entered into a Share Purchase Agreement (the “**Share Purchase Agreement**”).
- B. In connection with the Share Purchase Agreement and in order to induce the Investors to consummate the transactions contemplated under the Share Purchase Agreement, the Company and the Investors have agreed to enter into this Agreement.
- C. Although this Agreement is being entered into contemporaneously with the Share Purchase Agreement, the Parties intend that the provisions of this Agreement (except where expressly noted otherwise) shall take effect subject to and immediately upon occurrence of the Closing (as defined under the Share Purchase Agreement) and expiration of the lock-up period under [Section 6.4] of the Share Purchase Agreement.

**WITNESSETH**

NOW, THEREFORE, in consideration of the premises set forth above, the mutual promises and covenants set forth herein and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

**1. Interpretation**

**1.1 Definitions.** The following terms shall have the meanings ascribed to them below:

“**Affiliate**” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person. For purposes of this definition, “**control**” when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms “**controlling**” and “**controlled**” have correlative meanings.

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“**Applicable Securities Laws**” means the securities law of the U.S., including the Exchange Act and the Securities Act, and any applicable securities law of any state of the U.S.

“**Board**” means the board of directors of the Company.

“**Business Day**” means any day that is not a Saturday, Sunday, public holiday or other day on which commercial banks are required or authorized by law to be closed in the PRC, the Cayman Islands or the City of New York.

“**Commission**” means the Securities and Exchange Commission of the U.S. or any other federal agency at the time administering the Securities Act.

“**Company Securities**” means (i) Ordinary Shares, (ii) securities convertible into or exchangeable for Ordinary Shares, (iii) any options, warrants or other rights to acquire Ordinary Shares and (iv) any depositary receipts or similar instruments issued in respect of Ordinary Shares.

“**Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended.

“**Existing Holders**” means (i) the “Holder” as set forth in Schedule 2 of the Existing Shareholders Agreement and (ii) Ohio River Investment Limited, a company organized under the laws of the British Virgin Islands.

“**Existing Shareholders Agreement**” means the Amended and Restated Shareholders’ Agreement dated August 4, 2011 by and among the Company and certain other parties named therein.

“**Form F-3**” means Form F-3 promulgated by the Commission under the Securities Act or any successor form or substantially similar form then in effect.

“**Governmental Authority**” means any nation or government or any province or state or any other political subdivision thereof; any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of the PRC or any other country, or any court, tribunal or arbitrator, and any self-regulatory organization.

“**Investor Rights Agreement**” means the Investor Rights Agreement dated June 30, 2014 by and among the Company, Ohio River Investment Limited and certain other parties named therein.

“**Law**” means any constitutional provision, statute or other law, rule, regulation, official policy or interpretation of any Governmental Authority and any injunction, judgment, order, ruling, assessment or writ issued by any Governmental Authority.

“**Ordinary Shares**” means the Class A ordinary shares, par value US\$0.00001 per share, of the Company.

“**Person**” means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise or entity.

“**PRC**” means the People’s Republic of China, but solely for the purposes of this Agreement, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan.

“**Registrable Securities**” means the Ordinary Shares acquired by the Investors pursuant to the Share Purchase Agreement and any other Ordinary Shares owned or hereafter acquired by the Investors. Notwithstanding the foregoing, “**Registrable Securities**” shall exclude any Registrable Securities sold by a Person in a transaction in which rights under this Agreement are not assigned in accordance with this Agreement or any Registrable Securities sold in a public offering, whether sold pursuant to Rule 144, or in a registered offering, or otherwise.

“**Registration**” means a registration effected by preparing and filing a Registration Statement and the declaration or ordering of the effectiveness of that Registration Statement; and the terms “Register” and “Registered” have meanings concomitant with the foregoing.

“**Registration Statement**” means a registration statement prepared on Form F-1, F-3, S-1 or S-3 under the Securities Act.

“**Rule 144**” means Rule 144 promulgated under the Securities Act, as amended.

“**Securities Act**” means the U.S. Securities Act of 1933, as amended.

“**Selling Expenses**” means all underwriting discounts, selling commissions and fees and expenses charged by the depository bank relating to the issuance or transfer of American depository shares and stock or share transfer taxes applicable to the sale of Registrable Securities pursuant to this Agreement.

“**U.S.**” means the United States of America.

**1.2 Interpretation.** For all purposes of this Agreement, except as otherwise expressly provided, (i) the terms defined in this Clause 1 shall have the meanings assigned to them in this Clause 1 and include the plural as well as the singular, (ii) all references in this Agreement to designated “Clauses” and other subdivisions are to the designated Clauses and other subdivisions of the body of this Agreement, (iii) pronouns of either gender or neuter shall include, as appropriate, the other pronoun forms, (iv) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Clause or other subdivision, (v) all references in this Agreement to designated schedules, exhibits and annexes are to the schedules, exhibits and annexes attached to this Agreement unless explicitly stated otherwise, (vi) “or” is not exclusive, (vii) the term “including” will be deemed to be followed by “, but not limited to,” (viii) the terms “shall,” “will,” and “agrees” are mandatory, and the term “may” is permissive, and (ix) the term “day” means “calendar day.”

## 2. Registration Rights.

### 2.1 Demand Registration

- (a) **Request by Investors.** If the Company shall receive a written request from the Investors (the “**Initiating Investors**”) holding at least a majority of the Registrable Securities then outstanding that the Company file a registration statement under the Securities Act covering the registration of Registrable Securities pursuant to this Clause 2.1, then the Company shall, within ten (10) Business Days of the receipt of such written request, give written notice of such request (“**Request Notice**”) to all Investors and the Existing Holders, and use all reasonable efforts to effect, as soon as practicable, the registration under the Securities Act of all Registrable Securities that the Initiating Investors (together with the other Investors and Existing Holders who so) request to be registered and included in such registration by written notice given by such Initiating Investors to the Company within ten (10) Business Days after receipt of the Request Notice, subject only to the limitations of this Clause 2.1; *provided* that the Company shall not be obligated to effect any such registration if the Company has, within the six (6) month period preceding the date of such request, already effected a registration under the Securities Act pursuant to this Clause 2.1 or Clause 2.3, or in which the Initiating Investors had an opportunity to participate pursuant to Clause 2.2, other than a registration from which the Registrable Securities of the Initiating Investors have been excluded (with respect to all or any portion of the Registrable Securities the Investors requested be included in such registration) pursuant to Clause 2.2(b).
- (b) **Underwriting.** If the Initiating Investors intend to distribute the Registrable Securities covered by their request by means of an underwriting, then the Initiating Investors shall so advise the Company as a part of their request made pursuant to this Clause 2.1 and the Company shall include such information in the written notice referred to in Clause 2.1(a). In such event, the right of each Initiating Investor to include its Registrable Securities in such registration shall be conditional upon such Investor’s participation in such underwriting and the inclusion of the Investor’s Registrable Securities in the underwriting to the extent provided herein. All Investors proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the managing underwriter or underwriters selected for such underwriting by such Investors and reasonably acceptable to the Company. Notwithstanding any other provision of this Clause 2.1, if the underwriter(s) advise(s) the Company in writing that marketing factors require a limitation of the number of securities to be underwritten then the Company shall so advise all Investors whose Registrable Securities would otherwise be registered and underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be reduced as required by the underwriter(s) and allocated among each of the Investors and each of the Existing Holders participating in such underwriting pro rata among them based on the total number of their respective Registrable Securities which they had requested to be included in such registration and underwriting; *provided*, however, that the number of shares of Registrable Securities to be included in such underwriting and registration shall not be reduced unless all other Company Securities (except for the Company Securities held by the Existing Holders participating in such underwriting) are first entirely excluded from the underwriting and registration. If an Investor disapproves of the terms of any such underwriting, the Investor may elect to withdraw therefrom by written notice to the Company and the underwriter(s), delivered at least ten (10) Business Days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration. If the underwriter has not limited the number of Registrable Securities to be underwritten, the Company may include its securities for its own account in such registration if the underwriter so agrees and if the number of Registrable Securities which would otherwise have been included in such registration and underwriting will not thereby be limited.

- (c) Maximum Number of Demand Registrations. The Company shall be obligated to effect two (2) demand registrations for the Investors; provided, however, that a demand registration shall not be deemed to count for purposes of this Clause 2.1(c) until such registration shall have been effected..
- (d) Deferral. Notwithstanding the foregoing, the Company shall not be required to effect a registration pursuant to this Clause 2.1:
- (i) during the period starting with the date sixty (60) days prior to the Company's good faith estimate of the date of the filing of, and ending on a date one hundred eighty (180) days following the effective date of, a Company-initiated registration subject to below, provided that the Company is actively employing in good faith all reasonable efforts to cause such registration statement to become effective;
  - (ii) if the Initiating Investors propose to dispose of Registrable Securities that may be registered on Form S-3 or Form F-3 pursuant to Clause 2.3; or
  - (iii) if the Company shall furnish to the Investors a certificate signed by the President or Chief Executive Officer of the Company stating that in the good faith judgment of the Board, it would be materially detrimental to the Company and its shareholders for such registration statement to be filed, then the Company shall have the right to defer such filing for a period of not more than ninety (90) days after receipt of the request of the Initiating Investors; *provided*, however, that the Company may not utilize this right more than once in any twelve (12) month period; *provided further*, that the Company shall not register any other Company Securities during such twelve (12) month period. A demand right shall not be deemed to have been exercised until such deferred registration shall have been effected.

## 2.2 Piggyback Registrations.

- (a) Piggyback Registrations. The Company shall notify all Investors in writing at least twenty (20) days prior to filing any registration statement under the Securities Act for purposes of effecting a public offering of Company Securities (including, but not limited to, registration statements relating to secondary offerings of Company Securities, but excluding registration statements relating to any registration under Clause 2.1 or Clause 2.3 or to any employee benefit plan or a corporate reorganization) or registering Company Securities on behalf of the Existing Holders and will afford each Investor an opportunity to include in such registration statement all or any part of the Registrable Securities then held by such Investor. Each Investor shall within eighteen (18) days after receipt of the above-described notice from the Company, so notify the Company in writing, and in such notice shall inform the Company of the number of Registrable Securities such Investor wishes to include in such registration statement. If an Investor decides not to include all of its Registrable Securities in any registration statement thereafter filed by the Company, such Investor shall nevertheless continue to have the right to include any Registrable Securities in any subsequent registration statement or registration statements as may be filed by the Company with respect to offerings of Company Securities, all upon the terms and conditions set forth herein.
- (b) Right to Terminate Registration. The Company shall have the right to terminate or withdraw any registration initiated by it or any Existing Holder under this Clause 2.2 prior to the effectiveness of such registration whether or not any Investor has elected to include its Registrable Securities in such registration. The expenses of such withdrawn registration shall be borne by the Company in accordance with Clause 2.4(i) hereof.

- (c) Underwriting. If a registration statement under which the Company gives notice under this Clause 2.2 is for an underwritten offering, then the Company shall so advise the Investors. In such event, the right of any Investor to be included in a registration pursuant to this Clause 2.2 shall be conditional upon such Investor's participation in such underwriting and the inclusion of such Investor's Registrable Securities in the underwriting to the extent provided herein. Each Investor participating in such underwriting shall enter into an underwriting agreement in customary form with the managing underwriter or underwriters selected for such underwriting. Notwithstanding any other provision of this Agreement, if the managing underwriter(s) determine(s) in good faith that marketing factors require a limitation of the number of shares to be underwritten, then (1) if the registration statement relates to an offering of Company Securities by the Company, the managing underwriter(s) may exclude up to seventy percent (70%) of the Registrable Securities from the registration and the underwriting, and the number of shares that may be included in the registration and the underwriting shall be allocated, first to the Company, second, to the Investors and the Existing Holders, pro rata among them based on the total number of their respective Registrable Securities which they had requested to be included in such registration and underwriting; and third, to holders of other Company Securities, *provided*, however, that the right of the underwriter(s) to exclude shares (including Registrable Securities) from the registration and underwriting as described above shall be restricted so that (i) the number of Registrable Securities included in any such registration is not reduced below thirty percent (30%) of the aggregate number of Registrable Securities for which inclusion has been requested; and (ii) all shares that are not Registrable Securities and are held by any other Person, including, without limitation, any person who is an employee, officer, consultant or director of the Company (or any Subsidiary of the Company) shall first be excluded from such registration and underwriting before any Registrable Securities are so excluded, and (2) if the registration statement relates to an offering of Company Securities by any Existing Holder, the managing underwriter(s) may exclude the Registrable Securities from the registration and the underwriting, and the number of shares that may be included in the registration and the underwriting shall be allocated, first to the Existing Holders, second, to the Investors, pro rata among them based on the total number of their respective Registrable Securities which they had requested to be included in such registration and underwriting; third, the Company; and fourth, to holders of other Securities of the Company, *provided*, however, that the right of the underwriter(s) to exclude shares (including Registrable Securities) from the registration and underwriting as described above shall be restricted so that all shares that are not Registrable Securities and are held by any other Person (other than an Existing Holder), including, without limitation, any person who is an employee, officer, consultant or director of the Company (or any Subsidiary of the Company) shall first be excluded from such registration and underwriting before any Registrable Securities are so excluded. If any Investor disapproves of the terms of any such underwriting, such Investor may elect to withdraw therefrom by written notice to the Company and the underwriter(s), delivered at least ten (10) days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration. For any Investor that is a partnership, the Investor and the partners and retired partners of such Investor, or the estates and family members of any such partners and retired partners and any trusts for the benefit of any of the foregoing persons, and for any Investor that is a corporation, the Investor and all corporations that are Associates of such Investor, shall be deemed to be a single "Investor" and any pro rata reduction with respect to such "Investor" shall be based upon the aggregate amount of shares carrying registration rights owned by all entities and individuals included in such "Investor", as defined in this sentence.
- (d) Not Demand Registration. Registration pursuant to this Clause 2.2 shall not be deemed to be a demand registration as described in Clause 2.1. Except as otherwise provided herein, there shall be no limit on the number of times the Investors may request registration of Registrable Securities under this Clause 2.2.

### 2.3 Form S-3 or Form F-3 Registration.

In case the Company shall receive from an Investor a written request or requests that the Company effect a registration on Form S-3 or Form F-3 and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Investors, then the Company will:

- (a) Notice. Promptly give written notice of the proposed registration and the Investor's or Investors' request therefor, and any related qualification or compliance, to all other Investors; and
- (b) Registration. As soon as practicable, effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of the Investors' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Investor or Investors joining in such request as are specified in a written request given within ten (10) Business Days after the Company provides the notice contemplated by Clause 2.3(a), including the filing of any prospectus supplement to facilitate the sale and distribution of all such securities (a "Shelf Takedown"); *provided*, however, that the Company shall not be obligated to effect any such registration, qualification or compliance pursuant to this Clause 2.3:
  - (1) if Form S-3 or Form F-3 is not available for such offering by the Investors;
  - (2) if such Investor, together with the other Investors entitled to inclusion in such registration, proposes to sell Registrable Securities at an aggregate price to the public (net of any underwriters' discounts or commissions) of less than US\$10,000,000;
  - (3) if the Company shall furnish to the Investors a certificate signed by the President or Chief Executive Officer of the Company stating that in the good faith judgment of the Board, it would be materially detrimental to the Company and its shareholders for such Form S-3 or Form F-3 registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form S-3 or Form F-3 registration statement no more than once during any twelve month period for a period of not more than ninety (90) days after receipt of the request of the Investors under this Clause 2.3; *provided* that the Company shall not register any other Company Securities during such ninety (90) day period; or
  - (4) if the Company has, within the twelve (12) month period preceding the date of such request, already effected two (2) registrations under the Securities Act in which the Investors had an opportunity to participate pursuant to this Agreement, other than a registration from which the Registrable Securities of an Investor have been excluded (with respect to all or any portion of the Registrable Securities an Investor requested be included in such registration) pursuant to the provisions of Clause 2.1(b) or Clause 2.2(c).

- (c) Not Demand Registration. Form S-3 or Form F-3 registrations shall not be deemed to be demand registrations as described in Clause 2.1. Except as otherwise provided herein, there shall be no limit on the number of times an Investor may request registration of Registrable Securities under this Clause 2.3.

**2.4 Obligations of the Company.** Whenever required to effect the registration of any Registrable Securities under this Agreement, including a Shelf Takedown, the Company shall, as expeditiously as reasonably possible:

- (a) Registration Statement. Prepare and file with the SEC a registration statement with respect to such Registrable Securities and use all reasonable efforts to cause such registration statement to become effective, *provided*, however, that the Company shall not be required to keep any such registration statement effective for more than sixty (60) days.
- (b) Amendments and Supplements. Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement.
- (c) Prospectuses. Furnish to each Investor such number of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as it may reasonably request in order to facilitate the disposition of the Registrable Securities owned by it that are included in such registration.
- (d) Blue Sky. Use all reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by an Investor, *provided* that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.
- (e) Underwriting. In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement in usual and customary form, with the managing underwriter(s) of such offering. Each of the Investors participating in such underwriting shall also enter into and perform its obligations under such an agreement.
- (f) Notification. Notify the Investors at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the issuance of any stop order by the SEC in respect of such registration statement, or the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

- (g) **Opinion and Comfort Letter.** Furnish, at the request of any Investor, on the date that such Registrable Securities are delivered to the underwriter(s) for sale, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, (i) a copy of an opinion, dated as of such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters, and (ii) a copy of the “comfort” letter dated as of such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters.
- (h) Notwithstanding any of the foregoing provisions, the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Clause 2.1 or 2.3 if the registration request is subsequently withdrawn at the request of the Investors holding at least a majority of the Registrable Securities to be registered (in which case the participating Investors requesting for the withdrawal shall bear such expenses), unless, in the case of a registration requested under Clause 2.1, each of the Investors agree to forfeit such right to demand registration pursuant to Clause 2.1; *provided further*, however, that if at the time of such withdrawal, the Investors requesting for the withdrawal have learnt of a material adverse change in the condition, business, or prospects of the Company not known to such Investors at the time of their request for such registration and have withdrawn their request for registration with reasonable promptness after learning of such material adverse change, then the Investors shall not be required to pay any of such expenses and such registration shall not constitute the use of a demand registration pursuant to Clause 2.1.
- (i) The Company shall pay all expenses incurred in connection with each registration requested pursuant to this Agreement, including without limitation all U.S. federal, “blue sky” and all foreign registration, filing and qualification fees, printers’ and accounting fees, and fees and disbursements of counsel for the Company (but excluding Selling Expenses), and reasonable expenses of one legal counsel if such counsel is for the Investors and all other Existing Holders participating in such registration.

**2.5 Furnish Information.** It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Agreement with respect to the Registrable Securities of any Investor that such Investor shall furnish to the Company such information regarding itself, the Registrable Securities held by it and the intended method of disposition of such securities as shall be required to timely effect the registration of their Registrable Securities. In connection therewith, each Investor participating in a registration shall be required to represent and warrant to the Company that all such information which is given in writing expressly for inclusion in such registration is true and accurate in all material respects.

**2.6 No Registration Rights to Third Parties.** Without the prior consent of Investors holding at least a majority of the Registrable Securities then outstanding, the Company covenants and agrees that it shall not grant, or cause or permit to be created, for the benefit of any person or entity any registration rights of any kind (whether similar to the demand, “piggyback” or Form S-3 or Form F-3 registration rights described in this Agreement, or otherwise) relating to any Company Securities, other than rights that are not senior in right to the Investors.

**2.7 Assignment.** The registration rights under this Agreement may be transferred or assigned by any Investor to an Affiliate or any transferee or assignee of its Company Securities representing one percent (1%) or more of the issued share capital of the Company.

**2.8 Re-sale Rights.** The Company shall at its own cost use its best efforts to assist any Investors in the sale or disposition of, and to enable any Investor to sell under Rule 144 the maximum number of, its Registrable Securities, including without limitation (a) the prompt delivery of applicable instruction letters to the Company’s transfer agent to remove legends from such Investor’s share certificates, (b) causing the prompt delivery of appropriate legal opinions from the Company’s counsel in forms reasonably satisfactory to such Investor’s counsel, (c) if the Company has depositary receipts listed or traded on any exchange or inter-dealer quotation system, (i) the prompt delivery of instruction letters to the Company’s share registrar and depositary agent to convert such Investor’s securities into depositary receipts or similar instruments to be deposited in such Investor’s brokerage account(s), (ii) the prompt payment of all costs and fees related to such depositary facility, including conversion fees and maintenance fees for Registrable Securities held by such Investor and (iii) taking any and all other steps necessary to facilitate the conversion into depositary receipts or similar instruments (for the avoidance of doubt the Company shall not be obligated to pay any American depositary share issuance or transfer fees or expenses and stock transfer taxes in relation to any sale or disposition of the Registrable Securities).

**2.9 Rule 144 Reporting.** The Company agrees to: (a) make and keep public information available, as those terms are understood and defined in Rule 144, at all times; (b) file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act; and (c) so long as any Investor owns any Registrable Securities, to furnish to such Investor promptly upon request (i) a written statement by the Company as to its compliance with the reporting requirements of Rule 144, the Securities Act and the Exchange Act, or its qualification as a registrant whose securities may be resold pursuant to Form F-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company, and (iii) such other reports and documents of the Company as such Investor may reasonably request in availing itself of any rule or regulation of the SEC that permits the selling of any such securities without registration or pursuant to Form F-3 or S-3.

**2.10 Termination.** Notwithstanding anything to the contrary in this Agreement, the rights of any Investor under this Agreement shall terminate and be of no further force and effect at the earlier of (x) the fifth anniversary of the date hereof and (y) except with respect to the Company’s obligations pursuant to Clause 2.8 and Clause 2.9, which shall survive until the fifth anniversary of the date hereof, such time at which all Registrable Securities held by such Investor (and any Associate of such Investor with whom such Investor must aggregate its sales of Registrable Securities under Rule 144) proposed to be sold may be sold under Rule 144 in any ninety (90)-day period without registration in compliance with Rule 144.

### 3. Indemnification

**3.1 Indemnification by the Company.** The Company will, and it hereby does, indemnify and hold harmless, to the extent permitted by law, (i) the seller of any Registrable Securities or Company Securities (with respect to Existing Holders) covered by each registration statement filed by the Company to which Clause 2 applies and (ii) an Existing Holder selling any Company Securities covered by a registration statement filed by the Company pursuant to the Existing Shareholders Agreement or the Investor Rights Agreement, each affiliate of such seller and their respective trustees, directors, and officers or general and limited partners (including any director, officer, affiliate, employee, representative, agent, and controlling Person of any of the foregoing, within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), each other Person who participates as an underwriter in the offering or sale of such securities and each other Person, if any, who controls such seller or any such underwriter within the meaning of the Securities Act (each, a “**Seller Indemnified Party**”, and collectively, the “**Seller Indemnified Parties**”), against any and all actions or proceedings (whether or not a Seller Indemnified Party is a party thereto), losses, claims, damages, or liabilities, joint or several, and expenses (including, without limitation, reasonable attorney’s fees and reasonable expenses of investigation) to which such Seller Indemnified Party becomes subject under the Securities Act, common law, or otherwise, insofar as such losses, claims, damages, liabilities, or expenses (or actions or proceedings in respect thereof, whether or not such Seller Indemnified Party is a party thereto) arise out of, relate to, or are based upon (a) any untrue statement or alleged untrue statement of any material fact contained in any such registration statement, any preliminary, final, or supplemental prospectus contained therein, or any amendment or supplement thereto or any issuer free-writing prospectus relating to any sale or distribution pursuant thereto, or (b) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a prospectus, in light of the circumstances under which they were made) not misleading, and the Company will reimburse such Seller Indemnified Party for any legal or any other expenses reasonably incurred by such Seller Indemnified Party in connection with investigating or defending against any such loss, claim, liability, action, or proceeding; provided, that the Company shall not be liable to any Seller Indemnified Party in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof), or expense arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement or amendment or supplement thereto or in any such preliminary, final, or supplemental prospectus or issuer free-writing prospectus in reliance upon and in conformity with written information furnished to the Company through an instrument duly executed by such seller specifically stating that it is for use in the preparation thereof. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Company or any of the prospective sellers, or any of their respective affiliates, directors, officers, or controlling Persons and shall survive the transfer of such securities by such seller.

**3.2 Indemnification by the Investors/Existing Holders.** The Company may require, as a condition to including any Registrable Securities in any registration statement to which Clause 2 applies (or, with respect to the Existing Holders, any Company Securities in any registration statement to which the Existing Shareholders Agreement or Investor Rights Agreement applies), that the Company shall have received an undertaking reasonably satisfactory to it from the prospective seller of such Registrable Securities or Company Securities (as applicable) or any underwriter to indemnify and hold harmless (in the same manner and to the same extent as set forth in Clause 3.1) the Company, its directors, officers, affiliates, employees, representatives, agents, and controlling Persons (each, a “**Company Indemnified Party**,” and collectively, the “**Company Indemnified Parties**,” and together with the Seller Indemnified Parties, the “**Indemnified Parties**” and each individually an “**Indemnified Party**”) with respect to any untrue statement or alleged untrue statement in or omission or alleged omission from such registration statement, any preliminary, final or supplemental prospectus contained therein, or any amendment or supplement, if such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company through an instrument duly executed by such seller or underwriter respectively, specifically stating that it is for use in the preparation of such registration statement, preliminary, final, or supplemental prospectus or amendment or supplement, or a document incorporated by reference into any of the foregoing; provided, however, that the indemnity agreement contained in this Clause 3.2 shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of such seller (which consent shall not be unreasonably withheld or delayed). Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Company or any of the prospective sellers, or any of their respective affiliates, directors, officers, or controlling Persons and shall survive the transfer of such securities by such Investor or Existing Holder, as the case may be.

**3.3 Notices of Claims, Etc.** Promptly after receipt by an Indemnified Party hereunder of written notice of the commencement of any action or proceeding with respect to which a claim for indemnification may be sought pursuant to this Clause 3, such Indemnified Party will, if a claim in respect thereof is to be made against an indemnifying party, give prompt written notice to the latter of the commencement of such action or proceeding; provided that the failure of the Indemnified Party to give prompt notice as provided herein (i) shall not relieve the indemnifying party of its obligations under this Clause 3, except to the extent that the indemnifying party is materially prejudiced by such failure to give prompt notice, and (ii) shall not, in any event, relieve the indemnifying party from any obligations which it may otherwise have to any Indemnified Party in addition to any indemnification obligation provided in Clauses 3.1 and 3.2. In case any such action or proceeding is brought against an Indemnified Party, unless in such Indemnified Party’s reasonable judgment a conflict of interest between such Indemnified Party and indemnifying parties may exist in respect of such action or proceeding, the indemnifying party will be entitled to participate in and to assume the defense thereof (at its expense), jointly with any other indemnifying party similarly notified to the extent that it may wish, with counsel reasonably satisfactory to such Indemnified Party, and after notice from the indemnifying party to such Indemnified Party of its election so to assume the defense thereof, the indemnifying party will not be liable to such Indemnified Party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party will consent to entry of any judgment or settle any action or proceeding which (i) does not include, as an unconditional term thereof, the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect of such action or proceeding, and (ii) does not involve the imposition of equitable remedies or of any obligations on such Indemnified Party and does not otherwise adversely affect such Indemnified Party, other than as a result of the imposition of financial obligations for such Indemnified Party will be indemnified hereunder.

### **3.4 Contribution.**

- (a) If the indemnification provided for in this Clause 3 from the indemnifying party is unavailable to or insufficient to fully hold harmless an Indemnified Party hereunder in respect of any action or proceeding, losses, damages, liabilities, or expenses referred to herein, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such action or proceeding, losses, damages, liabilities, or expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and such Indemnified Party in connection with the actions which resulted in such action or proceeding losses, damages, liabilities, or expenses, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and such Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such indemnifying party or Indemnified Parties, and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such action. The amount paid or payable by a party under this Clause 3.4 as a result of the action or proceeding, losses, damages, liabilities, and expenses referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding.
- (b) The parties hereto agree that it would not be just and equitable if contribution pursuant to this Clause 3.4 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in Clause 3.4(a) hereof. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

**3.5 Limitation of Investor Liability.** Notwithstanding any other provisions of this Agreement, the aggregate liability of an Investor or Existing Holder under this Clause 3 shall be limited to the aggregate net proceeds received by such seller in connection with any offering to which such registration under the Securities Act relates, unless such liability arises out of or is based on the willful misconduct or gross negligence of such Investor or Existing Holder.

**3.6 Other Indemnification.** Indemnification similar to that specified in the preceding provisions of this Clause 3 (with appropriate modifications) shall be given by the Company and each Investor in respect of Registrable Securities or Existing Holder in respect of Company Securities (as applicable) with respect to any required registration or other qualification of securities under any federal or state law or regulation or governmental authority other than the Securities Act.

**3.7 Non-Exclusivity.** The obligations of the parties under this Clause 3 shall be in addition to any liability which any party may otherwise have to any other party.

**3.8 Existing Holders.** The Company agrees that the Existing Holders shall be third party beneficiaries of this Clause 3.

#### **4. Miscellaneous.**

**4.1 Conditions Precedent.** Subject to the immediately following sentence, the Parties agree and acknowledge that the provisions of this Agreement shall be conditional upon Closing taking place and shall come into effect upon Closing and expiration of the lock-up period under [Section 6.4] of the Share Purchase Agreement. Notwithstanding the foregoing, this Clause 4 and those provisions of this Agreement which are necessary for the purpose of interpretation of Clause 4 shall take effect upon the date first above written.

**4.2 Governing Law.** This Agreement, the rights and obligations of the parties hereto, and all claims or disputes relating hereto, shall be governed by and construed in accordance with the law of Hong Kong, without regard to the conflicts of law rules thereunder.

**4.3 Dispute Resolution.** Any dispute, controversy or claim arising out of or relating to this Agreement, including, but not limited to, any question regarding the breach, termination or invalidity thereof shall be finally resolved by arbitration in Hong Kong in accordance with the administered rules (the “**Rules**”) of the Hong Kong International Arbitration Centre (the “**HKIAC**”) in force at the time of commencement of the arbitration, which Rules are deemed to be incorporated by reference into this Section. The number of arbitrators shall be three and shall be selected in accordance with the Rules. All selections shall be made within thirty (30) days after the selecting party gives or receives, as the case may be, the demand for arbitration. The seat of the arbitration shall be in Hong Kong and the language to be used shall be English. Any arbitration award shall be (i) in writing and shall contain the reasons for the decision, (ii) final and binding on the parties hereto and (iii) enforceable in any court of competent jurisdiction, and the parties hereto agree to be bound thereby and to act accordingly.

**4.4 Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile and e-mailed copies of signatures shall be deemed to be originals for purposes of the effectiveness of this Agreement.

**4.5 Notices.** All notices and other communications under this Agreement shall be in writing and shall be deemed effectively given (i) when delivered personally by hand (with written confirmation of receipt), (ii) when sent by fax (with written confirmation of transmission) or (iii) two Business Days following the day sent by international overnight courier (with written confirmation of receipt), in each case at the addresses and facsimile numbers set forth on Schedule 2 (or to such other address or facsimile number as a Party may have specified by notice given to the other Parties pursuant to this provision).

**4.6 Entire Agreement; Amendments and Waivers.** This Agreement, the Share Purchase Agreement and the other transaction documents contemplated under the Share Purchase Agreement constitute the full and entire understanding and agreement among the Parties with regard to the subjects hereof and thereof, and supersedes all other agreements between or among any of the Parties with respect to the subject matter hereof. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of each Party.

**4.7 Severability.** If a provision of this Agreement is held to be unenforceable under applicable Laws, such provision shall be excluded from this Agreement and the remainder of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

**4.8 Further Assurances.** The Parties agree to execute such further instruments and to take such further actions as may be reasonably necessary to carry out the intent of this Agreement.

**4.9 No Waiver.** Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof will not be deemed a waiver of such term, covenant, or condition, nor will any waiver or relinquishment of, or failure to insist upon strict compliance with, any right, power or remedy power hereunder at any one or more times be deemed a waiver or relinquishment of such right, power or remedy at any other time or times.

*[The remainder of this page has been intentionally left blank.]*

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

**58.COM, INC.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Chief Executive Officer

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[Signature Page to Registration Rights Agreement]

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

**INVESTORS**

**BLUERUN VENTURES IV, L.P.**

By: BRV Partners IV, L.P.  
Its: General Partner

By: BRV Partners IV, L.P.  
its: General Partner

By: /s/ Jonathan Ebinger  
Name: Jonathan Ebinger  
Title: Authorized Signatory

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[Signature Page to Registration Rights Agreement]

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

**INVESTORS**

**NOKIA GROWTH PARTNERS II L.P.**

By: NG Partners II L.L.C.  
Its: General Partner

By: /s/ John Gardner  
Name: John Gardner  
Title: Managing Member

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[Signature Page to Registration Rights Agreement]

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

**INVESTORS**

**LT GROWTH INVESTMENT IV LIMITED**

By: /s/ Wenting Deng

Name: Wenting Deng

Title: Director

[Signature Page to Registration Rights Agreement]

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

**INVESTORS**

**SEQUOIA CAPITAL CHINA II, L.P.**

By: /s/ Yu Shan  
Name: Yu Shan  
Title: Authorized Signatory

**SEQUOIA CAPITAL CHINA PARTNERS FUND II, L.P.**

By: /s/ Yu Shan  
Name: Yu Shan  
Title: Authorized Signatory

**SEQUOIA CAPITAL PRINCIPALS FUND II, L.P.**

By: /s/ Yu Shan  
Name: Yu Shan  
Title: Authorized Signatory

**SEQUOIA CAPITAL 2010 CV HOLDCO, LTD.**

By: /s/ Yu Shan  
Name: Yu Shan  
Title: Authorized Signatory

[Signature Page to Registration Rights Agreement]

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

**INVESTORS**

**CG INFO SERVICES INVESTMENT LIMITED**

By: /s/ E-ho Mary Lam

Name: E-ho Mary Lam

Title: Authorized Signatory

[Signature Page to Registration Rights Agreement]

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

**INVESTORS**

**CHINA RENAISSANCE HOLDINGS LIMITED**

By: /s/ Fan Bao

Name: Fan Bao

Title: CEO

[Signature Page to Registration Rights Agreement]

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

**INVESTORS**

**CLASSROOM INVESTMENTS INC.**

By: /s/ Theresa Tam  
Name: Theresa Tam  
Title: Authorized Signatory

[Signature Page to Registration Rights Agreement]

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

**INVESTORS**

**CHAN KEI LIM**

**/s/ Chan Kei Lim**

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[Signature Page to Registration Rights Agreement]

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

**INVESTORS**

**GLEE INVESTMENT LIMITED**

By: /s/ Norma Kuntz

Name: Norma Kuntz

Title: Director

[Signature Page to Registration Rights Agreement]

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

**INVESTORS**

**TIGER GLOBAL MAURITIUS FUND**

By: /s/ Moussa Taujoo

Name: Moussa Taujoo

Title: Director

[Signature Page to Registration Rights Agreement]

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

**INVESTORS**

**INTERNET FUND II PTE. LTD.**

By: /s/ Venkatagiri Mudeliar

Name: Venkatagiri Mudeliar

Title: Director

[Signature Page to Registration Rights Agreement]

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

**INVESTORS**

**TRINITYVILE PROFIT LIMITED**

By: /s/ Haoyong Yang

Name:

Title:

[Signature Page to Registration Rights Agreement]

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## SCHEDULE 1

### List of Investors

1. BLUERUN VENTURES IV, L.P.
  2. NOKIA GROWTH PARTNERS II L.P.
  3. LT GROWTH INVESTMENT IV LIMITED
  4. SEQUOIA CAPITAL CHINA II, L.P.
  5. SEQUOIA CAPITAL CHINA PARTNERS FUND II, L.P.
  6. SEQUOIA CAPITAL PRINCIPALS FUND II, L.P.
  7. SEQUOIA CAPITAL 2010 CV HOLDCO, LTD.
  8. CG INFO SERVICES INVESTMENT LIMITED
  9. CHINA RENAISSANCE HOLDINGS LIMITED
  10. CLASSROOM INVESTMENTS INC.
  11. CHAN KEI LIM
  12. GLEE INVESTMENT LIMITED
  13. TIGER GLOBAL MAURITIUS FUND
  14. INTERNET FUND II PTE. LTD.
  15. TRINITYVILE PROFIT LIMITED
-

**XIAOXIANG INTERNATIONAL TECHNOLOGY VENTURE CAPITAL LP  
SUBSCRIPTION AGREEMENT**

Xiaoxiang International Technology Venture Capital LP  
Offices of Maples Corporate Services Limited  
PO Box 309, Uglan House  
Grand Cayman, KY1-1104  
Cayman Islands

Xiaoxiang International Capital Management Co., Ltd.  
Offices of Maples Corporate Services Limited  
PO Box 309, Uglan House  
Grand Cayman, KY1-1104  
Cayman Islands

Ladies and Gentlemen,

The undersigned investor (the "Investor") hereby applies to become a limited partner (a "Limited Partner") of Xiaoxiang International Technology Venture Capital LP, a Cayman Islands exempted limited partnership (the "Fund"), on the terms and conditions set forth in these subscription documents (which includes this Subscription Agreement, together with any amendments or supplements thereto, being herein called the "Subscription Agreement") (collectively, these "Subscription Documents"). Reference is made to the Amended and Restated Agreement of Exempted Limited Partnership of the Fund (the "Partnership Agreement") made between Xiaoxiang International Capital Management Co., Ltd., an exempted company incorporated in the Cayman Islands, as general partner (the "General Partner"), the Cornerstone Limited Partners, the Withdrawing Limited Partner and the other Limited Partners from time to time named on Annex A therein, which has been furnished to the Investor and is incorporated by reference in its entirety in this Subscription Agreement and which together form one agreement. By executing this Subscription Agreement, the Investor agrees with the General Partner (for itself and as agent and attorney for each existing Limited Partner) to be, and upon acceptance of this Subscription Agreement shall be, irrevocably bound as a Limited Partner of the Fund by the terms, provisions and requirements applicable to Limited Partners as set forth herein and in the Partnership Agreement. Capitalized terms used, but not defined, herein shall have the respective meanings given to them in the Partnership Agreement.

1. Subscription.

(a) The Fund will be governed by the Partnership Agreement in the form delivered herewith, and as the same may be modified in accordance with the terms of any amendment thereto. Xiaoxiang International Capital Management Co., Ltd., an exempted company incorporated in the Cayman Islands, is the Fund's General Partner.

(b) Subject to the terms and conditions of this Subscription Agreement and the Partnership Agreement:

(i) the General Partner, on behalf of the Fund, agrees to sell to the Investor and the Investor, in reliance on the representations and warranties of the General Partner contained in section 4 of this Subscription Agreement, irrevocably subscribes for and agrees to purchase an Interest in the Fund;

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- (ii) the Investor, in reliance on the representations and warranties of the General Partner contained in section 4 of this Subscription Agreement, agrees to become a limited partner of the Fund (a "Limited Partner"); and
- (iii) the General Partner, on behalf of the Fund (and as agent and attorney for each existing Limited Partner), agrees that the Investor shall be admitted as a Limited Partner, in consideration for the Investor's agreement to be bound by the terms and provisions of the Subscription Agreement and the Partnership Agreement, with a Capital Commitment in the amount and other consideration equal to the amount and other consideration, as applicable, set forth on the executed signature page at the end of this Subscription Agreement (the Investor's "Capital Commitment").

(c) The Investor hereby agrees to furnish the General Partner (or its designee), upon request, with all information that the General Partner may hereafter reasonably require in order to make any tax related determination and/or to claim on behalf of the Investor certain tax benefits.

(d) The Investor hereby agrees that it will properly execute and provide to the Fund or General Partner in a timely manner any and all tax documentation that may be reasonably required by the General Partner in connection with the Fund (including, without limitation, an IRS Form W-9 or W-8, as applicable).

## 2. Adoption of Partnership Agreement.

(a) Each of the Investor and the General Partner, on behalf of itself and the Partnership, hereby accepts, adopts, and agrees to be bound by each and every provision contained in the Partnership Agreement, and the Investor agrees to become a Limited Partner thereunder.

(b) The obligations of each party set forth in this Subscription Agreement are separate from the rights and obligations of such party under the Partnership Agreement and may be enforced in full in accordance with the terms of this Subscription Agreement and the Partnership Agreement.

(c) The General Partner hereby agrees, covenants and understands that (i) all documents pertaining to this investment will be made available for inspection by the Investor, and (ii) the books and records of the Fund will be available for inspection by the Investor in accordance with the terms of the Partnership Agreement.

## 3. Certain Acknowledgments and Agreements of the Parties.

(a) The Investor hereby authorizes, and agrees to, the use of electronic mail, for the transmittal of all documents required to be delivered by, or on behalf of, the Fund to the Investor under applicable law or regulation and pursuant to the Partnership Agreement and the Subscription Documents, including, but not limited to, notices as contemplated by the "Notices" provision in the Partnership Agreement. The Investor acknowledges and agrees that the General Partner will deliver documents sent by electronic mail to the address set forth in the Investor Questionnaire, unless otherwise notified by the Investor in writing. Sections 8 and 19(3) of the Electronic Transactions Law (2003 Revision) of Cayman Islands shall not apply to this Subscription Agreement.

(b) Subject to the provisions on indebtedness contained in the Partnership Agreement, the General Partner shall have the right, at its option, to cause the Partnership to borrow money from any Person, or to guarantee loans or other extensions of credit for the purpose of (i) providing interim financing to cover Partnership Expenses or (ii) providing interim financing to the extent necessary to consummate the purchase of Portfolio Investments in either case prior to the receipt of Capital Contributions. Such Indebtedness may be secured by a pledge of the Partnership's interests in Securities or any other investments made or other property held by the Partnership.

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4. Representations and Warranties.

(a) The General Partner represents and warrants that each of the following shall be true and correct as of the date hereof:

- (i) The Partnership is duly formed and validly existing as an exempted limited partnership under the laws of the Cayman Islands and, subject to applicable law, has all requisite partnership power and authority to carry on its business as now conducted and as proposed to be conducted. The General Partner is duly formed and validly existing as a Cayman Islands exempted company with limited liability and, subject to applicable law, has all requisite limited liability company power and authority to act as general partner of the Partnership and to carry out the terms of this Subscription Agreement and the Partnership Agreement applicable to it.
- (ii) The execution and delivery of this Subscription Agreement has been authorized by all necessary action on behalf of the Partnership and this Subscription Agreement, once executed and delivered, will be a legal, valid and binding obligation of the Partnership, enforceable against the Partnership in accordance with its terms. The execution and delivery by the General Partner of the Partnership Agreement has been authorized by all necessary action on behalf of the General Partner and the Partnership Agreement, once executed and delivered, will be a legal, valid and binding agreement of the General Partner, enforceable against the General Partner in accordance with its terms.
- (iii) The execution and delivery of this Subscription Agreement and the consummation of the transactions contemplated hereby will not conflict with or result in any violation of or default under any provision of the Partnership Agreement, or any agreement or other instrument to which the Partnership is a party or by which it or any of its properties is bound, or any permit, franchise, judgment, decree, statute, order, rule or regulation applicable to the Partnership or its business or properties. The execution and delivery of the Partnership Agreement and the consummation of the transactions contemplated thereby will not conflict with or result in any violation of or default under any provision of the memorandum and articles of association and other organizational documents of the General Partner, or any agreement or instrument to which the General Partner is a party or by which it or any of its properties is bound, or any permit, franchise, judgment, decree, statute, order, rule or regulation applicable to the General Partner or its businesses or properties

(b) The Investor understands that Sidley Austin LLP acts as counsel for only the General Partner and its Affiliates, and Maples and Calder acts as Cayman Islands counsel for only the Fund and the General Partner, and no attorney-client relationship exists between any such firm and any other person by reason of such person making an investment in the Fund.

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(c) The Investor understands and acknowledges that: the investment in the Fund is subject to restrictions on sales, transfers and withdrawals as set forth in the Partnership Agreement and the Investor must bear the economic risk of its investment in the Interest until the termination of the Fund or otherwise ceases to be a Limited Partner in the Fund.

(d) The Investor is aware and acknowledges that: (i) the Fund does not have any operating history as of July, 2015; (ii) the Interest involves a substantial degree of risk of loss of the Investor's entire investment and there is no assurance of any income from any such investment; and (iii) because there are substantial restrictions on the transferability of the Interests it may not be possible for the Investor to liquidate such Investor's investment readily in any event, including in case of an emergency.

(e) The Investor has the power and authority to enter into this Subscription Agreement and each other document required to be executed and delivered by the Investor in connection with this subscription for Interests, and to perform its obligations hereunder and thereunder and consummate the transactions contemplated hereby and thereby and the person signing this Subscription Agreement on behalf of the Investor has been duly authorized to execute and deliver this Subscription Agreement and each other document required to be executed and delivered by the Investor in connection with this subscription for Interests.

(f) The Investor maintains its domicile, and is not merely a transient or temporary resident, at the residence address shown in the Investor Questionnaire.

(g) The Investor agrees that if it determines to transfer or assign all or any portion of its Interest pursuant to the provisions hereof and subject to the Partnership Agreement, it will cause its proposed transferee to agree to the transfer restrictions set forth herein and to make the representations set forth herein.

(h) The Investor is a non-"United States person" as defined in Appendix A attached hereto. The Investor is not acquiring any portion of the Interest by or on behalf of, nor will the Investor hold the Interest for the account or benefit of, directly or indirectly, or engage in any derivative transaction relating to the Fund or the Interest with, any "United States person".

(i) The Investor has not been solicited to purchase the Interest while present in the United States, its territories or possessions, nor have the funds to be utilized for such purchase been obtained from any "United States person."

5. Payment of Subscription.

The Fund expects that the first Drawdown will occur on a date that is (x) as soon as practicable after the date hereof, and (y) on the closing date of, and conditional upon the consummation of, the first Portfolio Investment. Subject to the terms and conditions set forth in the Partnership Agreement, the Fund may hold a Secondary Closing and one or more Subsequent Closings from time to time not less than 9 months after the Initial Closing for the purpose of accepting additional subscriptions for Interests from existing and/or new Limited Partners. The Fund generally expects Capital Commitments to be drawn down from time to time, as determined by the General Partner in accordance with each Limited Partner's Pro Rata Share.

6. General.

This Subscription Agreement shall be binding upon the Investor and the heirs, personal representatives, successors and assigns of the Investor. The Investor agrees that neither this Subscription Agreement nor any rights that may accrue to the Investor hereunder may be transferred or assigned without the consent of the General Partner, which may be granted or withheld in its good faith discretion. Notwithstanding the place where this Subscription Agreement may be executed by any of the parties, the parties expressly agree that all terms and provisions hereof shall be governed, construed and enforced solely under the laws of the Cayman Islands without reference to any principles of conflicts of law. This Subscription Agreement shall survive the admission of the Investor to the Fund.

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7. Jurisdiction.

The Investor irrevocably consents and agrees that any dispute or claim with respect to this Subscription Agreement and any action for enforcement of any judgment in respect thereof (a "Dispute") will be resolved by final and binding arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce ("ICC") in accordance with the law and not *ex aequo et bono*, the number of arbitrators shall be three, the seat of the arbitration shall be in Hong Kong and the language to be used in the arbitral proceedings shall be English. Each of the General Partner and the Advisory Board shall be entitled to nominate one arbitrator, and the chairman shall be chosen by the two arbitrators nominated by the General Partner and the Advisory Board. If the chairman is not chosen by the two arbitrators within 30 days of the date of appointment of the later of the two party nominated arbitrators, the chairman shall be nominated by the ICC International Court of Arbitration ("ICC Court"). No party shall be required to give general discovery of documents, but may be required to produce specific, identified documents which are relevant to the Dispute. Any right to refer any question of law and any right of appeal on the law or the merits to any court is waived. Nothing in this section 8 shall be construed as preventing any party to a Dispute from seeking interim relief in any court of competent jurisdiction. Any party shall have the right to have recourse to and shall be bound by the pre-arbitral referee procedure of the ICC in accordance with its Rules for Pre-Arbitral Referee Procedure. By execution and delivery of this Subscription Agreement, each Limited Partner hereby submits to and accepts for itself and in respect of its property, generally and unconditionally to the fullest extent permitted by law, the exclusive dispute resolution jurisdiction of the arbitral body. Each party hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid Disputes arising out of or in connection with this Subscription Agreement brought in the arbitral body referred to above and hereby further irrevocably waives and agrees not to plead or claim in any court that any such Dispute brought in accordance with this section 8 has been brought in an inconvenient forum. Nothing in this section shall be deemed to constitute a consent or waiver with respect to any matter not specifically referred to herein.

8. Disclosure Authorization: Certain Confidentiality Override.

By executing this Subscription Agreement, the Investor authorizes the Fund (or its delegate, on behalf of the Fund) to utilize and to provide information regarding the Investor's account, including information for reporting of tax withholding, to intermediaries, such as the General Partner and the Fund's legal counsel and withholding agents, or any of their respective designees, and agrees to allow each of the Fund and the General Partner to divulge the name of such Investor or provide information with respect to such Investor if it is so required by application of law, regulation, judicial process, at the request of a regulator, self-regulatory body or governmental entity having jurisdiction over the Fund. The Investor also expressly authorizes the Fund and the General Partner or any of their respective designees to provide copies of any tax or tax-related documentation arising out of or related to the Investor's investment in the Fund (including, without limitation, returns, withholding statements, information filings or requests) to any financial advisors, investment managers, agents, representatives, attorneys, accountants, tax advisors, consultants of the Investor or other Persons that provide services to, or otherwise advise, the Investor on a "need to know" basis; provided that such parties shall keep such information confidential.

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9. Severability.

If any provision of this Subscription Agreement shall be found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability shall not affect the other provisions of this Subscription Agreement which shall remain in full force and effect.

10. Certain Interpretative Matters.

Any phrase introduced by the term "including" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

11. Withholding; Information Reporting; FATCA.

The Investor acknowledges and agrees that:

- (a) the Fund is required to comply with the provisions of FATCA;
  - (b) it will provide, in a timely manner, such information regarding the Investor and its beneficial owners and such forms or documentation as may be requested from time to time by the Fund (whether by the General Partner) to enable the Fund to avoid or reduce any withholding under FATCA (or any other applicable law) and comply with the requirements and obligations imposed on it pursuant to FATCA (or any other withholding or information reporting laws), specifically, but not limited to, forms and documentation which the Fund may require to determine whether or not the relevant investment is a "US Reportable Account" (or equivalent under any other FATCA regime) and to comply with the relevant due diligence procedures in making such determination;
  - (c) any such forms or documentation requested by the Fund, the General Partner or any of their agents pursuant to paragraph (b), or any financial or account information with respect to the Investor's investment in the Fund, may be disclosed to the Cayman Islands Tax Information Authority (or any other governmental body which collects information in accordance with FATCA or any other applicable withholding or information reporting regime) and to any withholding agent;
  - (d) to the extent permitted by law, it waives, and/or shall cooperate with the Fund and the General Partner to obtain a waiver of, the provisions of any law which:
    - (i) prohibit the disclosure by the Partnership, the General Partner or by any of their agents, of the information or documentation requested from the Investor pursuant to paragraph (b); or
    - (ii) prohibit the reporting of financial or account information by the Fund, the General Partner or any of their agents required pursuant to FATCA; or
    - (iii) otherwise prevent compliance by the Fund with its obligations under FATCA;
  - (e) if it provides information and documentation that is in anyway misleading, or it fails to provide the Fund, the General Partner or any of their agents with the requested information and documentation requested pursuant to paragraph (b), the General Partner reserves the right (whether or not such action or inaction leads to compliance failures by the Partnership, or a risk of the Partnership or its investors being subject to withholding tax or other penalties):
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- (i) to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory redemption or withdrawal of the Investor; and
  - (ii) to hold back from any redemption proceeds, or to deduct from the Investor's applicable account, any liabilities, costs, expenses or taxes caused (directly or indirectly) by the Investor's action or inaction; and
- (f) it shall have no claim against the Fund, the General Partner or any of their agents, for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Fund in order to comply with FATCA.
- (g) The Investor hereby indemnifies the Fund, the General Partner and each of their respective principals, members, managers, officers, directors, shareholders, employees and agents and agrees to hold them harmless from and against any FATCA (or other withholding or information reporting) related liability, action, proceeding, claim, demand, costs, damages, expenses (including legal expenses) penalties or taxes whatsoever which the Fund and/or General Partner may incur as a result of any action or inaction (directly or indirectly) of the Investor (or any related person) described in paragraphs (b) to (f) above. This indemnification shall survive the Investor's death or disposition of its Interests in the Fund.

For the purposes of this provision, FATCA means:

- (i) sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 and any associated legislation, regulations or guidance, or similar legislation, regulations or guidance enacted in any jurisdiction which seeks to implement similar tax reporting and/or withholding tax regimes;
- (ii) any intergovernmental agreement, treaty, regulation, guidance or any other agreement between the Cayman Islands (or any Cayman Islands government body) and the US, the UK or any other jurisdiction (including any government bodies in such jurisdiction), entered into in order to comply with, facilitate, supplement or implement the legislation, regulations or guidance described in paragraph (i); and
- (iii) any legislation, regulations or guidance in the Cayman Islands that give effect to the matters outlined in the preceding paragraphs.

12. Third Parties.

A person who is not a party to this Subscription Agreement may not, in its own right or otherwise, enforce any term of this Subscription Agreement. Notwithstanding any other term of this Subscription Agreement, the consent of any person who is not a party to this Subscription Agreement is not required for any amendment to, or variation, release, rescission or termination of this Subscription Agreement.

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13. AML.

The Investor represents and warrants that the Interest is to be purchased with funds that are from legitimate sources in connection with the Investor's regular business activities and which do not constitute the proceeds of criminal conduct or criminal property within the meaning given in the Proceeds of Crime Law (2014 Revision) of the Cayman Islands and the Regulations or Guidance Notes issued pursuant thereto, further, the Investor acknowledges and understands that if any person resident in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to (i) the Financial Reporting Authority of the Cayman Islands, pursuant to the Proceeds of Crime Law (2014 Revision) of the Cayman Islands if the disclosure relates to criminal conduct or money laundering, or (ii) a police officer of the rank of constable or higher, or the Financial Reporting Authority, pursuant to the Terrorism Law (2011 Revision) of the Cayman Islands, if the disclosure relates to involvement with terrorism or terrorist financing and property and any such report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise and the fact of such disclosure shall not give rise to any liability for the disclosure.

14. Privacy Policy

The Fund and the General Partner may obtain non-public personal information about you from this Subscription Agreement and related forms including without limitation (i) name, address, assets, income, and investment experience; (ii) information about client and investor transactions (for example, account activity and balances); and (iii) information from other third-party sources (which, for example, may include credit reporting agencies). Telephone calls and other electronic communications with the Fund and the General Partner may also be monitored or recorded. No such information will be disclosed except in the course of processing subscriptions, transfers, reports and otherwise administering the Fund, or as permitted by law, for compliance with applicable laws, or as required by law of relevant government or administrative authority and then, to the extent reasonably possible, only subject to customary undertakings of confidentiality. Such information may also be revealed to government agencies, as necessary and permissible under applicable laws, in connection with legal proceedings in compliance with any applicable law, or otherwise to assert and protect legal interests or as part of a corporate transaction with a successor or affiliate. Such information may be made available to outside service providers, outside counsel, auditors, and other independent professionals for these purposes. Such information may be transferred internationally for these purposes, including to the US and other countries which the European Union has deemed do not provide "adequate" protections. This same policy will apply regardless of the international transfer or processing of such information. No such information is shared with unaffiliated third-parties for their marketing purposes.

Appropriate physical, electronic and procedural controls are maintained to safeguard such information. These standards are reasonably designed to:

- a) ensure the security and confidentiality of your records and information;
- b) protect against any anticipated threats or hazards to the security or integrity of your records and information; and
- c) protect against unauthorized access to or use of your records or information that could result in substantial harm or inconvenience to you.

Written notice and consent will be sought for any retroactive application of any material changes to this policy. You have a right to access the personal information about them and to request the correction of any error in relation to their personal information or to object to the processing of their personal information. You may exercise any of the above rights or obtain further information about the use of their personal information by contacting the General Partner.

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**IN WITNESS WHEREOF**, the undersigned Investor has executed and unconditionally delivered this Subscription Agreement as a deed on the date set forth below.

Subscription – Xiaoxiang International Technology Venture Capital LP:

**Total Capital Commitment: U.S. \$204,171,484.63**

**Description of Other Consideration: 16,242,565 Class A ordinary shares and 14,214,653 Class B ordinary shares of 58.com Inc.**

ENTITY INVESTOR:

Dream Wizard Inc.  
(Print Name of Entity)

By: /s/ Jinbo Yao  
(Signature)

Jinbo Yao Director  
(Print Name and Title)

\_\_\_\_\_  
(Date)

WITNESSED BY:

Yi Chen  
(Print Name)

/s/ Yi Chen  
(Signature)

\_\_\_\_\_  
(Date)

INDIVIDUAL INVESTOR:

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)

WITNESSED BY:

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)

\_\_\_\_\_

**INVESTOR NAME: Dream Wizard Inc.**

**ACCEPTANCE OF SUBSCRIPTION**

The undersigned, on behalf of the General Partner, hereby accepts the above subscription for Interests on behalf of the Fund and signs and unconditionally delivers this Acceptance of Subscription as a deed. In doing so, the General Partner for itself and as attorney for each Limited Partner agrees with the Investor that it shall be admitted as a Limited Partner to be bound by the terms of the Partnership Agreement.

**XIAOXIANG INTERNATIONAL TECHNOLOGY VENTURE CAPITAL LP  
BY: XIAOXIANG INTERNATIONAL CAPITAL MANAGEMENT CO., LTD.**

By: /s/ YAO DAYUE  
Name: YAO DAYUE  
Title: Director  
Date: July 29, 2015

**Amount of Subscription Accepted: U.S. \$204,171,484.63**

**Other Consideration Accepted: 16,242,565 Class A ordinary shares and 14,214,653 Class B ordinary shares of 58.com Inc.**

WITNESSED BY:

LIU WENRUO  
(Print Name)

/s/ LIU WENRUO  
(Signature)

July 29, 2015  
(Date)

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**GOLIATH INTERNET OPPORTUNITIES, L.P.**  
**SUBSCRIPTION AGREEMENT**

Goliath Internet Opportunities L.P.  
Maples Corporate Services Limited  
Ugland House  
PO Box 309  
South Church Street  
George Town, Grand Cayman  
KY1-1104, Cayman Islands

Goliath Internet Opportunities  
Office of Sertus Incorporations (Cayman) Limited,  
Sertus Chambers  
P.O. Box 2547  
Cassia Court  
Camana Bay, Grand Cayman  
Cayman Islands

Ladies and Gentlemen,

The undersigned investor (the "Investor") hereby applies to become a limited partner (a "Limited Partner") of Goliath Internet Opportunities, L.P., a Cayman Islands exempted limited partnership (the "Fund"), on the terms and conditions set forth in these subscription documents (which includes this Subscription Agreement, together with any amendments or supplements thereto, being herein called the "Subscription Agreement") (collectively, these "Subscription Documents"). Reference is made to the Amended and Restated Agreement of Exempted Limited Partnership of the Fund (the "Partnership Agreement") made between Goliath Fund Management, an exempted company incorporated in the Cayman Islands, as general partner (the "General Partner"), the Cornerstone Limited Partners, the Withdrawing Limited Partner and the other Limited Partners from time to time named on Annex A therein, which has been furnished to the Investor and is incorporated by reference in its entirety in this Subscription Agreement and which together form one agreement. By executing this Subscription Agreement, the Investor agrees with the General Partner (for itself and as agent and attorney for each existing Limited Partner) to be, and upon acceptance of this Subscription Agreement shall be, irrevocably bound as a Limited Partner of the Fund by the terms, provisions and requirements applicable to Limited Partners as set forth herein and in the Partnership Agreement. Capitalized terms used, but not defined, herein shall have the respective meanings given to them in the Partnership Agreement.

1. Subscription.

(a) The Fund will be governed by the Partnership Agreement in the form delivered herewith, and as the same may be modified in accordance with the terms of any amendment thereto. Goliath Fund Management, an exempted company incorporated in the Cayman Islands, is the Fund's General Partner.

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(b) Subject to the terms and conditions of this Subscription Agreement and the Partnership Agreement:

- (i) the General Partner, on behalf of the Fund, agrees to sell to the Investor and the Investor, in reliance on the representations and warranties of the General Partner contained in section 4 of this Subscription Agreement, irrevocably subscribes for and agrees to purchase an Interest in the Fund;
- (ii) the Investor, in reliance on the representations and warranties of the General Partner contained in section 4 of this Subscription Agreement, agrees to become a limited partner of the Fund (a "Limited Partner"); and
- (iii) the General Partner, on behalf of the Fund (and as agent and attorney for each existing Limited Partner), agrees that the Investor shall be admitted as a Limited Partner, in consideration for the Investor's agreement to be bound by the terms and provisions of the Subscription Agreement and the Partnership Agreement, with a Capital Commitment in the amount equal to the amount set forth on the executed signature page at the end of this Subscription Agreement (the Investor's "Capital Commitment").

(c) The Investor hereby agrees to furnish the General Partner (or its designee), upon request, with all information that the General Partner may hereafter reasonably require in order to make any tax related determination and/or to claim on behalf of the Investor certain tax benefits.

(d) The Investor hereby agrees that it will properly execute and provide to the Fund or General Partner in a timely manner any and all tax documentation that may be reasonably required by the General Partner in connection with the Fund (including, without limitation, an IRS Form W-9 or W-8, as applicable).

2. Adoption of Partnership Agreement.

(a) Each of the Investor and the General Partner, on behalf of itself and the Partnership, hereby accepts, adopts, and agrees to be bound by each and every provision contained in the Partnership Agreement, and the Investor agrees to become a Limited Partner thereunder.

(b) The obligations of each party set forth in this Subscription Agreement are separate from the rights and obligations of such party under the Partnership Agreement and may be enforced in full in accordance with the terms of this Subscription Agreement and the Partnership Agreement.

(c) The General Partner hereby agrees, covenants and understands that (i) all documents pertaining to this investment will be made available for inspection by the Investor, and (ii) the books and records of the Fund will be available for inspection by the Investor in accordance with the terms of the Partnership Agreement.

3. Certain Acknowledgments and Agreements of the Parties.

(a) The Investor hereby authorizes, and agrees to, the use of electronic mail, for the transmittal of all documents required to be delivered by, or on behalf of, the Fund to the Investor under applicable law or regulation and pursuant to the Partnership Agreement and the Subscription Documents, including, but not limited to, notices as contemplated by the "Notices" provision in the Partnership Agreement. The Investor acknowledges and agrees that the General Partner will deliver documents sent by electronic mail to the address set forth in the Investor Questionnaire, unless otherwise notified by the Investor in writing. Sections 8 and 19(3) of the Electronic Transactions Law (2003 Revision) of Cayman Islands shall not apply to this Subscription Agreement.

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(b) Subject to the provisions on indebtedness contained in the Partnership Agreement, the General Partner shall have the right, at its option, to cause the Partnership to borrow money from any Person, or to guarantee loans or other extensions of credit for the purpose of (i) providing interim financing to cover Partnership Expenses or (ii) providing interim financing to the extent necessary to consummate the purchase of Portfolio Investments in either case prior to the receipt of Capital Contributions. Such Indebtedness may be secured by a pledge of the Partnership's interests in Securities or any other investments made or other property held by the Partnership.

4. Representations and Warranties.

(a) The General Partner represents and warrants that each of the following shall be true and correct as of the date hereof:

- (i) The Partnership is duly formed and validly existing as an exempted limited partnership under the laws of the Cayman Islands and, subject to applicable law, has all requisite partnership power and authority to carry on its business as now conducted and as proposed to be conducted. The General Partner is duly formed and validly existing as a Cayman Islands exempted company with limited liability and, subject to applicable law, has all requisite limited liability company power and authority to act as general partner of the Partnership and to carry out the terms of this Subscription Agreement and the Partnership Agreement applicable to it.
  - (ii) The execution and delivery of this Subscription Agreement has been authorized by all necessary action on behalf of the Partnership and this Subscription Agreement, once executed and delivered, will be a legal, valid and binding obligation of the Partnership, enforceable against the Partnership in accordance with its terms. The execution and delivery by the General Partner of the Partnership Agreement has been authorized by all necessary action on behalf of the General Partner and the Partnership Agreement, once executed and delivered, will be a legal, valid and binding agreement of the General Partner, enforceable against the General Partner in accordance with its terms.
  - (iii) The execution and delivery of this Subscription Agreement and the consummation of the transactions contemplated hereby will not conflict with or result in any violation of or default under any provision of the Partnership Agreement, or any agreement or other instrument to which the Partnership is a party or by which it or any of its properties is bound, or any permit, franchise, judgment, decree, statute, order, rule or regulation applicable to the Partnership or its business or properties. The execution and delivery of the Partnership Agreement and the consummation of the transactions contemplated thereby will not conflict with or result in any violation of or default under any provision of the memorandum and articles of association and other organizational documents of the General Partner, or any agreement or instrument to which the General Partner is a party or by which it or any of its properties is bound, or any permit, franchise, judgment, decree, statute, order, rule or regulation applicable to the General Partner or its businesses or properties
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(b) The Investor understands that Sidley Austin LLP acts as counsel for only the General Partner, the Manager and their respective Affiliates, and Maples and Calder acts as Cayman Islands counsel for only the Fund and the General Partner, and no attorney-client relationship exists between any such firm and any other person by reason of such person making an investment in the Fund.

(c) The Investor understands and acknowledges that: the investment in the Fund is subject to restrictions on sales, transfers and withdrawals as set forth in the Partnership Agreement and the Investor must bear the economic risk of its investment in the Interest until the termination of the Fund or otherwise ceases to be a Limited Partner in the Fund.

(d) The Investor is aware and acknowledges that: (i) the Fund does not have any operating history as of July, 2015; (ii) the Interest involves a substantial degree of risk of loss of the Investor's entire investment and there is no assurance of any income from any such investment; and (iii) because there are substantial restrictions on the transferability of the Interests it may not be possible for the Investor to liquidate such Investor's investment readily in any event, including in case of an emergency.

(e) The Investor has the power and authority to enter into this Subscription Agreement and each other document required to be executed and delivered by the Investor in connection with this subscription for Interests, and to perform its obligations hereunder and thereunder and consummate the transactions contemplated hereby and thereby and the person signing this Subscription Agreement on behalf of the Investor has been duly authorized to execute and deliver this Subscription Agreement and each other document required to be executed and delivered by the Investor in connection with this subscription for Interests.

(f) The Investor maintains its domicile, and is not merely a transient or temporary resident, at the residence address shown in the Investor Questionnaire.

(g) The Investor agrees that if it determines to transfer or assign all or any portion of its Interest pursuant to the provisions hereof and subject to the Partnership Agreement, it will cause its proposed transferee to agree to the transfer restrictions set forth herein and to make the representations set forth herein.

(h) The Investor is a non-"United States person" as defined in Appendix A attached hereto. The Investor is not acquiring any portion of the Interest by or on behalf of, nor will the Investor hold the Interest for the account or benefit of, directly or indirectly, or engage in any derivative transaction relating to the Fund or the Interest with, any "United States person".

(i) The Investor has not been solicited to purchase the Interest while present in the United States, its territories or possessions, nor have the funds to be utilized for such purchase been obtained from any "United States person."

5. Payment of Subscription.

The Fund expects that the first Drawdown will occur on a date that is (x) as soon as practicable after the date hereof, and (y) on the closing date of, and conditional upon the consummation of, the first Portfolio Investment. Subject to the terms and conditions set forth in the Partnership Agreement, the Fund may hold a Secondary Closing and one or more Subsequent Closings from time to time not less than 9 months after the Initial Closing for the purpose of accepting additional subscriptions for Interests from existing and/or new Limited Partners. The Fund generally expects Capital Commitments to be drawn down from time to time, as determined by the General Partner in accordance with each Limited Partner's Pro Rata Share.

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6. General.

This Subscription Agreement shall be binding upon the Investor and the heirs, personal representatives, successors and assigns of the Investor. The Investor agrees that neither this Subscription Agreement nor any rights that may accrue to the Investor hereunder may be transferred or assigned without the consent of the General Partner, which may be granted or withheld in its good faith discretion. Notwithstanding the place where this Subscription Agreement may be executed by any of the parties, the parties expressly agree that all terms and provisions hereof shall be governed, construed and enforced solely under the laws of the Cayman Islands without reference to any principles of conflicts of law. This Subscription Agreement shall survive the admission of the Investor to the Fund.

7. Jurisdiction.

The Investor irrevocably consents and agrees that any dispute or claim with respect to this Subscription Agreement and any action for enforcement of any judgment in respect thereof (a "Dispute") will be resolved by final and binding arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce ("ICC") in accordance with the law and not *ex aequo et bono*, the number of arbitrators shall be three, the seat of the arbitration shall be in Hong Kong and the language to be used in the arbitral proceedings shall be English. Each of the General Partner and the Advisory Board shall be entitled to nominate one arbitrator, and the chairman shall be chosen by the two arbitrators nominated by the General Partner and the Advisory Board. If the chairman is not chosen by the two arbitrators within 30 days of the date of appointment of the later of the two party nominated arbitrators, the chairman shall be nominated by the ICC International Court of Arbitration ("ICC Court"). No party shall be required to give general discovery of documents, but may be required to produce specific, identified documents which are relevant to the Dispute. Any right to refer any question of law and any right of appeal on the law or the merits to any court is waived. Nothing in this section 8 shall be construed as preventing any party to a Dispute from seeking interim relief in any court of competent jurisdiction. Any party shall have the right to have recourse to and shall be bound by the pre-arbitral referee procedure of the ICC in accordance with its Rules for Pre-Arbitral Referee Procedure. By execution and delivery of this Subscription Agreement, each Limited Partner hereby submits to and accepts for itself and in respect of its property, generally and unconditionally to the fullest extent permitted by law, the exclusive dispute resolution jurisdiction of the arbitral body. Each party hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid Disputes arising out of or in connection with this Subscription Agreement brought in the arbitral body referred to above and hereby further irrevocably waives and agrees not to plead or claim in any court that any such Dispute brought in accordance with this section 8 has been brought in an inconvenient forum. Nothing in this section shall be deemed to constitute a consent or waiver with respect to any matter not specifically referred to herein.

8. Disclosure Authorization: Certain Confidentiality Override.

By executing this Subscription Agreement, the Investor authorizes the Fund (or its delegate, on behalf of the Fund) to utilize and to provide information regarding the Investor's account, including information for reporting of tax withholding, to intermediaries, such as the General Partner, the Manager, the Fund's legal counsel and withholding agents, or any of their respective designees, and agrees to allow each of the Fund, the General Partner and the Manager to divulge the name of such Investor or provide information with respect to such Investor if it is so required by application of law, regulation, judicial process, at the request of a regulator, self-regulatory body or governmental entity having jurisdiction over the Fund. The Investor also expressly authorizes the Fund, the General Partner and the Manager or any of their respective designees to provide copies of any tax or tax-related documentation arising out of or related to the Investor's investment in the Fund (including, without limitation, returns, withholding statements, information filings or requests) to any financial advisors, investment managers, agents, representatives, attorneys, accountants, tax advisors, consultants of the Investor or other Persons that provide services to, or otherwise advise, the Investor on a "need to know" basis; provided that such parties shall keep such information confidential.

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9. Severability.

If any provision of this Subscription Agreement shall be found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability shall not affect the other provisions of this Subscription Agreement which shall remain in full force and effect.

10. Certain Interpretative Matters.

Any phrase introduced by the term "including" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

11. Withholding; Information Reporting; FATCA.

The Investor acknowledges and agrees that:

- (a) the Fund is required to comply with the provisions of FATCA;
  - (b) it will provide, in a timely manner, such information regarding the Investor and its beneficial owners and such forms or documentation as may be requested from time to time by the Fund (whether by the General Partner or other agents such as the Manager) to enable the Fund to avoid or reduce any withholding under FATCA (or any other applicable law) and comply with the requirements and obligations imposed on it pursuant to FATCA (or any other withholding or information reporting laws), specifically, but not limited to, forms and documentation which the Fund may require to determine whether or not the relevant investment is a "US Reportable Account" (or equivalent under any other FATCA regime) and to comply with the relevant due diligence procedures in making such determination;
  - (c) any such forms or documentation requested by the Fund, the General Partner or any of their agents pursuant to paragraph (b), or any financial or account information with respect to the Investor's investment in the Fund, may be disclosed to the Cayman Islands Tax Information Authority (or any other governmental body which collects information in accordance with FATCA or any other applicable withholding or information reporting regime) and to any withholding agent;
  - (d) to the extent permitted by law, it waives, and/or shall cooperate with the Fund and the General Partner to obtain a waiver of, the provisions of any law which:
    - (i) prohibit the disclosure by the Partnership, the General Partner or by any of their agents, of the information or documentation requested from the Investor pursuant to paragraph (b); or
    - (ii) prohibit the reporting of financial or account information by the Fund, the General Partner or any of their agents required pursuant to FATCA; or
    - (iii) otherwise prevent compliance by the Fund with its obligations under FATCA;
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- (e) if it provides information and documentation that is in anyway misleading, or it fails to provide the Fund, the General Partner or any of their agents with the requested information and documentation requested pursuant to paragraph (b), the General Partner reserves the right (whether or not such action or inaction leads to compliance failures by the Partnership, or a risk of the Partnership or its investors being subject to withholding tax or other penalties):
  - (i) to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory redemption or withdrawal of the Investor; and
  - (ii) to hold back from any redemption proceeds, or to deduct from the Investor's applicable account, any liabilities, costs, expenses or taxes caused (directly or indirectly) by the Investor's action or inaction; and
- (f) it shall have no claim against the Fund, the General Partner or any of their agents, for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Fund in order to comply with FATCA.
- (g) The Investor hereby indemnifies the Fund, the General Partner, and the Manager, and each of their respective principals, members, managers, officers, directors, shareholders, employees and agents and agrees to hold them harmless from and against any FATCA (or other withholding or information reporting) related liability, action, proceeding, claim, demand, costs, damages, expenses (including legal expenses) penalties or taxes whatsoever which the Fund, General Partner and/or Investment Manager may incur as a result of any action or inaction (directly or indirectly) of the Investor (or any related person) described in paragraphs (b) to (f) above. This indemnification shall survive the Investor's death or disposition of its Interests in the Fund.

For the purposes of this provision, FATCA means:

- (i) sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 and any associated legislation, regulations or guidance, or similar legislation, regulations or guidance enacted in any jurisdiction which seeks to implement similar tax reporting and/or withholding tax regimes;
- (ii) any intergovernmental agreement, treaty, regulation, guidance or any other agreement between the Cayman Islands (or any Cayman Islands government body) and the US, the UK or any other jurisdiction (including any government bodies in such jurisdiction), entered into in order to comply with, facilitate, supplement or implement the legislation, regulations or guidance described in paragraph (i); and
- (iii) any legislation, regulations or guidance in the Cayman Islands that give effect to the matters outlined in the preceding paragraphs.

12. Third Parties.

A person who is not a party to this Subscription Agreement may not, in its own right or otherwise, enforce any term of this Subscription Agreement. Notwithstanding any other term of this Subscription Agreement, the consent of any person who is not a party to this Subscription Agreement is not required for any amendment to, or variation, release, rescission or termination of this Subscription Agreement.

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13. AML.

The Investor represents and warrants that the Interest is to be purchased with funds that are from legitimate sources in connection with the Investor's regular business activities and which do not constitute the proceeds of criminal conduct or criminal property within the meaning given in the Proceeds of Crime Law (2014 Revision) of the Cayman Islands and the Regulations or Guidance Notes issued pursuant thereto, further, the Investor acknowledges and understands that if any person resident in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to (i) the Financial Reporting Authority of the Cayman Islands, pursuant to the Proceeds of Crime Law (2014 Revision) of the Cayman Islands if the disclosure relates to criminal conduct or money laundering, or (ii) a police officer of the rank of constable or higher, or the Financial Reporting Authority, pursuant to the Terrorism Law (2011 Revision) of the Cayman Islands, if the disclosure relates to involvement with terrorism or terrorist financing and property and any such report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise and the fact of such disclosure shall not give rise to any liability for the disclosure.

14. Privacy Policy

The Fund, the General Partner and the Manager may obtain non-public personal information about you from this Subscription Agreement and related forms including without limitation (i) name, address, assets, income, and investment experience; (ii) information about client and investor transactions (for example, account activity and balances); and (iii) information from other third-party sources (which, for example, may include credit reporting agencies). Telephone calls and other electronic communications with the Fund, the General Partner and the Manager may also be monitored or recorded. No such information will be disclosed except in the course of processing subscriptions, transfers, reports and otherwise administering the Fund, or as permitted by law, for compliance with applicable laws, or as required by law of relevant government or administrative authority and then, to the extent reasonably possible, only subject to customary undertakings of confidentiality. Such information may also be revealed to government agencies, as necessary and permissible under applicable laws, in connection with legal proceedings in compliance with any applicable law, or otherwise to assert and protect legal interests or as part of a corporate transaction with a successor or affiliate. Such information may be made available to outside service providers, outside counsel, auditors, and other independent professionals for these purposes. Such information may be transferred internationally for these purposes, including to the US and other countries which the European Union has deemed do not provide "adequate" protections. This same policy will apply regardless of the international transfer or processing of such information. No such information is shared with unaffiliated third-parties for their marketing purposes.

Appropriate physical, electronic and procedural controls are maintained to safeguard such information. These standards are reasonably designed to:

- a) ensure the security and confidentiality of your records and information;
  - b) protect against any anticipated threats or hazards to the security or integrity of your records and information; and
  - c) protect against unauthorized access to or use of your records or information that could result in substantial harm or inconvenience to you.
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Written notice and consent will be sought for any retroactive application of any material changes to this policy. You have a right to access the personal information about them and to request the correction of any error in relation to their personal information or to object to the processing of their personal information. You may exercise any of the above rights or obtain further information about the use of their personal information by contacting the General Partner or the Manager.

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**IN WITNESS WHEREOF**, the undersigned Investor has executed and unconditionally delivered this Subscription Agreement as a deed on the date set forth below.

Subscription – Goliath Internet Opportunities, L.P.:

**Total Capital Commitment: U.S. \$159,132,492.13**

ENTITY INVESTOR:

Dream Wizard Inc.  
(Print Name of Entity)

By: /s/ Jinbo Yao  
(Signature)

Jinbo Yao Director  
(Print Name and Title)

\_\_\_\_\_  
(Date)

WITNESSED BY:

Yi Chen  
(Print Name)

/s/ Yi Chen  
(Signature)

\_\_\_\_\_  
(Date)

INDIVIDUAL INVESTOR:

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)

WITNESSED BY:

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)

\_\_\_\_\_

**INVESTOR NAME: Dream Wizard Inc.**

**ACCEPTANCE OF SUBSCRIPTION**

The undersigned, on behalf of the General Partner, hereby accepts the above subscription for Interests on behalf of the Fund and signs and unconditionally delivers this Acceptance of Subscription as a deed. In doing so, the General Partner for itself and as attorney for each Limited Partner agrees with the Investor that it shall be admitted as a Limited Partner to be bound by the terms of the Partnership Agreement.

**GOLIATH INTERNET OPPORTUNITIES, L.P.  
BY: GOLIATH FUND MANAGEMENT**

By: /s/ Fabing Qu  
Name: Fabing Qu  
Title: Director  
Date:

**Amount of Subscription Accepted: U.S. \$159,132,492.13**

WITNESSED BY:

TING CHEN  
(Print Name)

/s/ Ting Chen  
(Signature)

\_\_\_\_\_  
(Date)

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**ZERO2IPO PARTNERS I, L.P.**  
**SUBSCRIPTION AGREEMENT**

Zero2IPO Partners I, L.P.  
Offices of Maples Corporate Services Limited  
Ugland House  
PO Box 309  
South Church Street  
George Town, Grand Cayman  
KY1-1104, Cayman Islands

Zero2IPO Partners I GP, Ltd.  
Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman,  
KY1-1111, Cayman Islands

Ladies and Gentlemen,

The undersigned investor (the "Investor") hereby applies to become a limited partner (a "Limited Partner") of Zero2IPO Partners I, L.P., a Cayman Islands exempted limited partnership (the "Fund"), on the terms and conditions set forth in these subscription documents (which includes this Subscription Agreement, together with any amendments or supplements thereto, being herein called the "Subscription Agreement") (collectively, these "Subscription Documents"). Reference is made to the Amended and Restated Agreement of Exempted Limited Partnership of the Fund (the "Partnership Agreement") made between Zero2IPO Partners I GP, Ltd., an exempted company incorporated in the Cayman Islands, as general partner (the "General Partner"), the Cornerstone Limited Partners, the Withdrawing Limited Partner and the other Limited Partners from time to time named on Annex A therein, which has been furnished to the Investor and is incorporated by reference in its entirety in this Subscription Agreement and which together form one agreement. By executing this Subscription Agreement, the Investor agrees with the General Partner (for itself and as agent and attorney for each existing Limited Partner) to be, and upon acceptance of this Subscription Agreement shall be, irrevocably bound as a Limited Partner of the Fund by the terms, provisions and requirements applicable to Limited Partners as set forth herein and in the Partnership Agreement. Capitalized terms used, but not defined, herein shall have the respective meanings given to them in the Partnership Agreement.

1. Subscription.

(a) The Fund will be governed by the Partnership Agreement in the form delivered herewith, and as the same may be modified in accordance with the terms of any amendment thereto. Zero2IPO Partners I GP, Ltd., an exempted company incorporated in the Cayman Islands, is the Fund's General Partner.

(b) Subject to the terms and conditions of this Subscription Agreement and the Partnership Agreement:

- (i) the General Partner, on behalf of the Fund, agrees to sell to the Investor and the Investor, in reliance on the representations and warranties of the General Partner contained in section 4 of this Subscription Agreement, irrevocably subscribes for and agrees to purchase an Interest in the Fund;
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- (ii) the Investor, in reliance on the representations and warranties of the General Partner contained in section 4 of this Subscription Agreement, agrees to become a limited partner of the Fund (a "Limited Partner"); and
- (iii) the General Partner, on behalf of the Fund (and as agent and attorney for each existing Limited Partner), agrees that the Investor shall be admitted as a Limited Partner, in consideration for the Investor's agreement to be bound by the terms and provisions of the Subscription Agreement and the Partnership Agreement, with a Capital Commitment in the amount and other consideration equal to the amount and other consideration, as applicable, set forth on the executed signature page at the end of this Subscription Agreement (the Investor's "Capital Commitment").

(c) The Investor hereby agrees to furnish the General Partner (or its designee), upon request, with all information that the General Partner may hereafter reasonably require in order to make any tax related determination and/or to claim on behalf of the Investor certain tax benefits.

(d) The Investor hereby agrees that it will properly execute and provide to the Fund or General Partner in a timely manner any and all tax documentation that may be reasonably required by the General Partner in connection with the Fund (including, without limitation, an IRS Form W-9 or W-8, as applicable).

## 2. Adoption of Partnership Agreement.

(a) Each of the Investor and the General Partner, on behalf of itself and the Partnership, hereby accepts, adopts, and agrees to be bound by each and every provision contained in the Partnership Agreement, and the Investor agrees to become a Limited Partner thereunder.

(b) The obligations of each party set forth in this Subscription Agreement are separate from the rights and obligations of such party under the Partnership Agreement and may be enforced in full in accordance with the terms of this Subscription Agreement and the Partnership Agreement.

(c) The General Partner hereby agrees, covenants and understands that (i) all documents pertaining to this investment will be made available for inspection by the Investor, and (ii) the books and records of the Fund will be available for inspection by the Investor in accordance with the terms of the Partnership Agreement.

## 3. Certain Acknowledgments and Agreements of the Parties.

(a) The Investor hereby authorizes, and agrees to, the use of electronic mail, for the transmittal of all documents required to be delivered by, or on behalf of, the Fund to the Investor under applicable law or regulation and pursuant to the Partnership Agreement and the Subscription Documents, including, but not limited to, notices as contemplated by the "Notices" provision in the Partnership Agreement. The Investor acknowledges and agrees that the General Partner will deliver documents sent by electronic mail to the address set forth in the Investor Questionnaire, unless otherwise notified by the Investor in writing. Sections 8 and 19(3) of the Electronic Transactions Law (2003 Revision) of Cayman Islands shall not apply to this Subscription Agreement.

(b) Subject to the provisions on indebtedness contained in the Partnership Agreement, the General Partner shall have the right, at its option, to cause the Partnership to borrow money from any Person, or to guarantee loans or other extensions of credit for the purpose of (i) providing interim financing to cover Partnership Expenses or (ii) providing interim financing to the extent necessary to consummate the purchase of Portfolio Investments in either case prior to the receipt of Capital Contributions. Such Indebtedness may be secured by a pledge of the Partnership's interests in Securities or any other investments made or other property held by the Partnership.

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4. Representations and Warranties.

(a) The General Partner represents and warrants that each of the following shall be true and correct as of the date hereof:

- (i) The Partnership is duly formed and validly existing as an exempted limited partnership under the laws of the Cayman Islands and, subject to applicable law, has all requisite partnership power and authority to carry on its business as now conducted and as proposed to be conducted. The General Partner is duly formed and validly existing as a Cayman Islands exempted company with limited liability and, subject to applicable law, has all requisite limited liability company power and authority to act as general partner of the Partnership and to carry out the terms of this Subscription Agreement and the Partnership Agreement applicable to it.
- (ii) The execution and delivery of this Subscription Agreement has been authorized by all necessary action on behalf of the Partnership and this Subscription Agreement, once executed and delivered, will be a legal, valid and binding obligation of the Partnership, enforceable against the Partnership in accordance with its terms. The execution and delivery by the General Partner of the Partnership Agreement has been authorized by all necessary action on behalf of the General Partner and the Partnership Agreement, once executed and delivered, will be a legal, valid and binding agreement of the General Partner, enforceable against the General Partner in accordance with its terms.
- (iii) The execution and delivery of this Subscription Agreement and the consummation of the transactions contemplated hereby will not conflict with or result in any violation of or default under any provision of the Partnership Agreement, or any agreement or other instrument to which the Partnership is a party or by which it or any of its properties is bound, or any permit, franchise, judgment, decree, statute, order, rule or regulation applicable to the Partnership or its business or properties. The execution and delivery of the Partnership Agreement and the consummation of the transactions contemplated thereby will not conflict with or result in any violation of or default under any provision of the memorandum and articles of association and other organizational documents of the General Partner, or any agreement or instrument to which the General Partner is a party or by which it or any of its properties is bound, or any permit, franchise, judgment, decree, statute, order, rule or regulation applicable to the General Partner or its businesses or properties

(b) The Investor understands that Sidley Austin LLP acts as counsel for only the General Partner and its Affiliates, and Maples and Calder acts as Cayman Islands counsel for only the Fund and the General Partner, and no attorney-client relationship exists between any such firm and any other person by reason of such person making an investment in the Fund.

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(c) The Investor understands and acknowledges that: the investment in the Fund is subject to restrictions on sales, transfers and withdrawals as set forth in the Partnership Agreement and the Investor must bear the economic risk of its investment in the Interest until the termination of the Fund or otherwise ceases to be a Limited Partner in the Fund.

(d) The Investor is aware and acknowledges that: (i) the Fund does not have any operating history as of July, 2015; (ii) the Interest involves a substantial degree of risk of loss of the Investor's entire investment and there is no assurance of any income from any such investment; and (iii) because there are substantial restrictions on the transferability of the Interests it may not be possible for the Investor to liquidate such Investor's investment readily in any event, including in case of an emergency.

(e) The Investor has the power and authority to enter into this Subscription Agreement and each other document required to be executed and delivered by the Investor in connection with this subscription for Interests, and to perform its obligations hereunder and thereunder and consummate the transactions contemplated hereby and thereby and the person signing this Subscription Agreement on behalf of the Investor has been duly authorized to execute and deliver this Subscription Agreement and each other document required to be executed and delivered by the Investor in connection with this subscription for Interests.

(f) The Investor maintains its domicile, and is not merely a transient or temporary resident, at the residence address shown in the Investor Questionnaire.

(g) The Investor agrees that if it determines to transfer or assign all or any portion of its Interest pursuant to the provisions hereof and subject to the Partnership Agreement, it will cause its proposed transferee to agree to the transfer restrictions set forth herein and to make the representations set forth herein.

(h) The Investor is a non-"United States person" as defined in Appendix A attached hereto. The Investor is not acquiring any portion of the Interest by or on behalf of, nor will the Investor hold the Interest for the account or benefit of, directly or indirectly, or engage in any derivative transaction relating to the Fund or the Interest with, any "United States person".

(i) The Investor has not been solicited to purchase the Interest while present in the United States, its territories or possessions, nor have the funds to be utilized for such purchase been obtained from any "United States person."

5. Payment of Subscription.

The Fund expects that the first Drawdown will occur on a date that is (x) as soon as practicable after the date hereof, and (y) on the closing date of, and conditional upon the consummation of, the first Portfolio Investment. Subject to the terms and conditions set forth in the Partnership Agreement, the Fund may hold a Secondary Closing and one or more Subsequent Closings from time to time not less than 9 months after the Initial Closing for the purpose of accepting additional subscriptions for Interests from existing and/or new Limited Partners. The Fund generally expects Capital Commitments to be drawn down from time to time, as determined by the General Partner in accordance with each Limited Partner's Pro Rata Share.

6. General.

This Subscription Agreement shall be binding upon the Investor and the heirs, personal representatives, successors and assigns of the Investor. The Investor agrees that neither this Subscription Agreement nor any rights that may accrue to the Investor hereunder may be transferred or assigned without the consent of the General Partner, which may be granted or withheld in its good faith discretion. Notwithstanding the place where this Subscription Agreement may be executed by any of the parties, the parties expressly agree that all terms and provisions hereof shall be governed, construed and enforced solely under the laws of the Cayman Islands without reference to any principles of conflicts of law. This Subscription Agreement shall survive the admission of the Investor to the Fund.

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7. Jurisdiction.

The Investor irrevocably consents and agrees that any dispute or claim with respect to this Subscription Agreement and any action for enforcement of any judgment in respect thereof (a "Dispute") will be resolved by final and binding arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce ("ICC") in accordance with the law and not *ex aequo et bono*, the number of arbitrators shall be three, the seat of the arbitration shall be in Hong Kong and the language to be used in the arbitral proceedings shall be English. Each of the General Partner and the Advisory Board shall be entitled to nominate one arbitrator, and the chairman shall be chosen by the two arbitrators nominated by the General Partner and the Advisory Board. If the chairman is not chosen by the two arbitrators within 30 days of the date of appointment of the later of the two party nominated arbitrators, the chairman shall be nominated by the ICC International Court of Arbitration ("ICC Court"). No party shall be required to give general discovery of documents, but may be required to produce specific, identified documents which are relevant to the Dispute. Any right to refer any question of law and any right of appeal on the law or the merits to any court is waived. Nothing in this section 8 shall be construed as preventing any party to a Dispute from seeking interim relief in any court of competent jurisdiction. Any party shall have the right to have recourse to and shall be bound by the pre-arbitral referee procedure of the ICC in accordance with its Rules for Pre-Arbitral Referee Procedure. By execution and delivery of this Subscription Agreement, each Limited Partner hereby submits to and accepts for itself and in respect of its property, generally and unconditionally to the fullest extent permitted by law, the exclusive dispute resolution jurisdiction of the arbitral body. Each party hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid Disputes arising out of or in connection with this Subscription Agreement brought in the arbitral body referred to above and hereby further irrevocably waives and agrees not to plead or claim in any court that any such Dispute brought in accordance with this section 8 has been brought in an inconvenient forum. Nothing in this section shall be deemed to constitute a consent or waiver with respect to any matter not specifically referred to herein.

8. Disclosure Authorization: Certain Confidentiality Override.

By executing this Subscription Agreement, the Investor authorizes the Fund (or its delegate, on behalf of the Fund) to utilize and to provide information regarding the Investor's account, including information for reporting of tax withholding, to intermediaries, such as the General Partner, the Fund's legal counsel and withholding agents, or any of their respective designees, and agrees to allow each of the Fund and the General Partner to divulge the name of such Investor or provide information with respect to such Investor if it is so required by application of law, regulation, judicial process, at the request of a regulator, self-regulatory body or governmental entity having jurisdiction over the Fund. The Investor also expressly authorizes the Fund and the General Partner or any of their respective designees to provide copies of any tax or tax-related documentation arising out of or related to the Investor's investment in the Fund (including, without limitation, returns, withholding statements, information filings or requests) to any financial advisors, investment managers, agents, representatives, attorneys, accountants, tax advisors, consultants of the Investor or other Persons that provide services to, or otherwise advise, the Investor on a "need to know" basis; provided that such parties shall keep such information confidential.

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9. Severability.

If any provision of this Subscription Agreement shall be found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability shall not affect the other provisions of this Subscription Agreement which shall remain in full force and effect.

10. Certain Interpretative Matters.

Any phrase introduced by the term "including" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

11. Withholding; Information Reporting; FATCA.

The Investor acknowledges and agrees that:

- (a) the Fund is required to comply with the provisions of FATCA;
  - (b) it will provide, in a timely manner, such information regarding the Investor and its beneficial owners and such forms or documentation as may be requested from time to time by the Fund (whether by the General Partner) to enable the Fund to avoid or reduce any withholding under FATCA (or any other applicable law) and comply with the requirements and obligations imposed on it pursuant to FATCA (or any other withholding or information reporting laws), specifically, but not limited to, forms and documentation which the Fund may require to determine whether or not the relevant investment is a "US Reportable Account" (or equivalent under any other FATCA regime) and to comply with the relevant due diligence procedures in making such determination;
  - (c) any such forms or documentation requested by the Fund, the General Partner or any of their agents pursuant to paragraph (b), or any financial or account information with respect to the Investor's investment in the Fund, may be disclosed to the Cayman Islands Tax Information Authority (or any other governmental body which collects information in accordance with FATCA or any other applicable withholding or information reporting regime) and to any withholding agent;
  - (d) to the extent permitted by law, it waives, and/or shall cooperate with the Fund and the General Partner to obtain a waiver of, the provisions of any law which:
    - (i) prohibit the disclosure by the Partnership, the General Partner or by any of their agents, of the information or documentation requested from the Investor pursuant to paragraph (b); or
    - (ii) prohibit the reporting of financial or account information by the Fund, the General Partner or any of their agents required pursuant to FATCA; or
    - (iii) otherwise prevent compliance by the Fund with its obligations under FATCA;
  - (e) if it provides information and documentation that is in anyway misleading, or it fails to provide the Fund, the General Partner or any of their agents with the requested information and documentation requested pursuant to paragraph (b), the General Partner reserves the right (whether or not such action or inaction leads to compliance failures by the Partnership, or a risk of the Partnership or its investors being subject to withholding tax or other penalties):
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- (i) to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory redemption or withdrawal of the Investor; and
  - (ii) to hold back from any redemption proceeds, or to deduct from the Investor's applicable account, any liabilities, costs, expenses or taxes caused (directly or indirectly) by the Investor's action or inaction; and
- (f) it shall have no claim against the Fund, the General Partner or any of their agents, for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Fund in order to comply with FATCA.
- (g) The Investor hereby indemnifies the Fund and the General Partner and each of their respective principals, members, managers, officers, directors, shareholders, employees and agents and agrees to hold them harmless from and against any FATCA (or other withholding or information reporting) related liability, action, proceeding, claim, demand, costs, damages, expenses (including legal expenses) penalties or taxes whatsoever which the Fund and/or General Partner may incur as a result of any action or inaction (directly or indirectly) of the Investor (or any related person) described in paragraphs (b) to (f) above. This indemnification shall survive the Investor's death or disposition of its Interests in the Fund.

For the purposes of this provision, FATCA means:

- (i) sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 and any associated legislation, regulations or guidance, or similar legislation, regulations or guidance enacted in any jurisdiction which seeks to implement similar tax reporting and/or withholding tax regimes;
- (ii) any intergovernmental agreement, treaty, regulation, guidance or any other agreement between the Cayman Islands (or any Cayman Islands government body) and the US, the UK or any other jurisdiction (including any government bodies in such jurisdiction), entered into in order to comply with, facilitate, supplement or implement the legislation, regulations or guidance described in paragraph (i); and
- (iii) any legislation, regulations or guidance in the Cayman Islands that give effect to the matters outlined in the preceding paragraphs.

12. Third Parties.

A person who is not a party to this Subscription Agreement may not, in its own right or otherwise, enforce any term of this Subscription Agreement. Notwithstanding any other term of this Subscription Agreement, the consent of any person who is not a party to this Subscription Agreement is not required for any amendment to, or variation, release, rescission or termination of this Subscription Agreement.

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13. AML.

The Investor represents and warrants that the Interest is to be purchased with funds that are from legitimate sources in connection with the Investor's regular business activities and which do not constitute the proceeds of criminal conduct or criminal property within the meaning given in the Proceeds of Crime Law (2014 Revision) of the Cayman Islands and the Regulations or Guidance Notes issued pursuant thereto, further, the Investor acknowledges and understands that if any person resident in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to (i) the Financial Reporting Authority of the Cayman Islands, pursuant to the Proceeds of Crime Law (2014 Revision) of the Cayman Islands if the disclosure relates to criminal conduct or money laundering, or (ii) a police officer of the rank of constable or higher, or the Financial Reporting Authority, pursuant to the Terrorism Law (2011 Revision) of the Cayman Islands, if the disclosure relates to involvement with terrorism or terrorist financing and property and any such report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise and the fact of such disclosure shall not give rise to any liability for the disclosure.

14. Privacy Policy

The Fund and the General Partner may obtain non-public personal information about you from this Subscription Agreement and related forms including without limitation (i) name, address, assets, income, and investment experience; (ii) information about client and investor transactions (for example, account activity and balances); and (iii) information from other third-party sources (which, for example, may include credit reporting agencies). Telephone calls and other electronic communications with the Fund, the and the General Partner may also be monitored or recorded. No such information will be disclosed except in the course of processing subscriptions, transfers, reports and otherwise administering the Fund, or as permitted by law, for compliance with applicable laws, or as required by law of relevant government or administrative authority and then, to the extent reasonably possible, only subject to customary undertakings of confidentiality. Such information may also be revealed to government agencies, as necessary and permissible under applicable laws, in connection with legal proceedings in compliance with any applicable law, or otherwise to assert and protect legal interests or as part of a corporate transaction with a successor or affiliate. Such information may be made available to outside service providers, outside counsel, auditors, and other independent professionals for these purposes. Such information may be transferred internationally for these purposes, including to the US and other countries which the European Union has deemed do not provide "adequate" protections. This same policy will apply regardless of the international transfer or processing of such information. No such information is shared with unaffiliated third-parties for their marketing purposes.

Appropriate physical, electronic and procedural controls are maintained to safeguard such information. These standards are reasonably designed to:

- a) ensure the security and confidentiality of your records and information;
  - b) protect against any anticipated threats or hazards to the security or integrity of your records and information; and
  - c) protect against unauthorized access to or use of your records or information that could result in substantial harm or inconvenience to you.
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Written notice and consent will be sought for any retroactive application of any material changes to this policy. You have a right to access the personal information about them and to request the correction of any error in relation to their personal information or to object to the processing of their personal information. You may exercise any of the above rights or obtain further information about the use of their personal information by contacting the General Partner.

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**INVESTOR NAME: Dream Wizard Inc.**

**ACCEPTANCE OF SUBSCRIPTION**

The undersigned, on behalf of the General Partner, hereby accepts the above subscription for Interests on behalf of the Fund and signs and unconditionally delivers this Acceptance of Subscription as a deed. In doing so, the General Partner for itself and as attorney for each Limited Partner agrees with the Investor that it shall be admitted as a Limited Partner to be bound by the terms of the Partnership Agreement.

**ZERO2IPO PARTNERS I, L.P.**

**BY: ZERO2IPO PARTNERS I GP, LTD.**

By: /s/ Chung Wai Chi  
Name: Chung Wai Chi  
Title: CFO  
Date:

**Amount of Subscription Accepted: U.S. \$43,368,807.37**

**Other Consideration Accepted: 16,048,692 Class A ordinary shares of 58.com Inc.**

WITNESSED BY:

Ng Ying  
(Print Name)

/s/ Ng Ying  
(Signature)

\_\_\_\_\_  
(Date)

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**SERIES A PREFERRED SHARES SUBSCRIPTION AGREEMENT**

THIS SERIES A PREFERRED SHARES SUBSCRIPTION AGREEMENT (the “**Agreement**”) is made and entered into as of October 12, 2015 by and among:

1. 58 Daojia Inc., a company incorporated under the Laws (as defined in Section 3.01) of the British Virgin Islands with its registered office located at Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands VG1110 (the “**Company**”);
  2. 58 Daojia Holdings Limited, a company incorporated under the Laws of Hong Kong with its registered office located at Suite 1203, 12/F Ruttonjee HSE, 11 Duddell St., Central, Hong Kong (“**Daojia HK**”);
  3. Beijing 58 Daojia Information Technology Co., Ltd (北京五八到家信息技术有限公司), a limited liability company incorporated under the Laws of the People’s Republic of China (not including the Hong Kong Special Administrative Region, the Macao Special Administrative Region or Taiwan, the “**PRC**”) with its registered office located at D-101A-123, #B-2, Zhongguancun Dongsheng Technology Park, 66 Xixiaokou Road, Haidian District, Beijing, PRC (the “**WFOE**”);
  4. Tianjin 58 Daojia Life Services Co., Ltd (天津五八到家生活服务有限公司), a limited liability company incorporated under the Laws of the PRC (“**Tianjin Daojia**” and together with the WFOE, the “**PRC Companies**” and each a “**PRC Company**”);
  5. 58.com Inc., a company incorporated under the Laws of the Cayman Islands, with its registered office located at Codan Trust Company (Cayman) Limited, Cricket Square, P.O. Box 2681, Grand Cayman KY1-1111 (“**58.com**” or an “**Investor**” and, together with the New Investors (as defined below), the “**Investors**”);
  6. Chen Xiaohua (陈小华) (Chinese ID No. \_\_\_\_\_);
  7. Bai Ou (白鸥) (Chinese ID No. \_\_\_\_\_);
  8. Yao Jinbo (姚劲波) (Chinese ID No. \_\_\_\_\_);
  9. Trumpway Limited, a company incorporated under the laws of the British Virgin Islands with its registered office located at P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands and wholly owned by Chen Xiaohua (陈小华) (“**Trumpway**”);
  10. Cloud Knight Holdings Limited, a company incorporated under the laws of the British Virgin Islands with its registered office located at P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands and wholly owned by Bai Ou (白鸥) (“**Cloud Knight**”);
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11. Nihao China Corporation, a company incorporated under the laws of the British Virgin Islands with its registered office located at Trinity Chambers, P.O. Box 4301, Road Town, Tortola, British Virgin Islands and wholly owned by Xinyi Limited, a company incorporated under the Laws of The Bahamas which in turn is wholly owned by Credit Suisse Trust Limited as trustee of The Xinyi Trust with Mr. Yao Jinbo as settlor and Mr. Yao Jinbo and his family members as beneficiaries (together with Trumpway and Cloud Knight, the “SPVs”; and the SPVs, Chen Xiaohua (陈小华), Bai Ou (白鸥) and Yao Jinbo (姚劲波) together, the “**Management Shareholders**” and each a “**Management Shareholder**”); and

12. Persons listed on Schedule A attached hereto other than 58.com (each an “**Investor**” or a “**New Investor**”, collectively the “**New Investors**”).

The Company, Daojia HK, the WFOE and Tianjin Daojia are referred to collectively herein as the “**Group**” or the “**Group Companies**”, and each, a “**Group Company**”.

## RECITALS

A. Prior to the execution of this Agreement, the Group Companies and 58.com have adopted a plan for the spinoff of the Company from 58.com in the form attached hereto as Exhibit A (the “**Spinoff Plan**”);

B. Tianjin Daojia is engaged in the business of providing local life services (the “**Business**”);

C. The Company desires to issue and allot to the Investors, and each of the Investors desires to subscribe and pay for, a certain number of series A convertible preferred shares, with a par value of US\$0.00001 per share (the “**Series A Preferred Shares**”), on the terms and subject to the conditions set forth in this Agreement; and

D. The parties desire to enter into this Agreement and make the respective representations, warranties, covenants and agreements set forth herein on the terms and subject to the conditions set forth herein.

## AGREEMENT

**NOW, THEREFORE**, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties intending to be legally bound hereto hereby agree as follows:

## ARTICLE I

### ISSUANCE AND SUBSCRIPTION

#### Section 1.01 Subscription of Purchased Shares.

Subject to the terms and conditions set forth in this Agreement, at the Closing (as defined in Section 1.03), the Company shall issue and allot to each Investor, and each Investor shall, severally and not jointly, subscribe and pay for, the number of Series A Preferred Shares as set forth opposite the name of such Investor on Schedule A attached hereto (the “**Purchased Shares**”), at a price of US\$7.3529 for each Series A Preferred Share, amounting to an aggregate purchase price (assuming the subscription by each Investor of its allocable Purchased Shares) of US\$300,000,000 (the “**Purchase Price**”). The Series A Preferred Shares shall have the rights, preferences, privileges and restrictions as set forth in the Amended and Restated Memorandum and Articles of Association of the Company in the form attached hereto as Exhibit B (the “**Restated Articles**”).

Section 1.02     Transfer of Funds.

The Purchase Price shall be paid at Closing by wire transfer of United States dollars in immediately available funds to the account of the Company in accordance with the wire transfer instructions set forth on Schedule E hereto.

Section 1.03     Post-Investment Capitalization Structure.

Following the closing of the issuance and subscription of the Purchased Shares pursuant to this Agreement (the “**Closing**”), the post-investment capitalization structure of the Company shall be as set forth in Part II of Schedule C attached hereto.

Section 1.04     Stamp Taxes.

The Company shall bear and pay any British Virgin Islands stamp Tax, stamp duty, stamp duty reserve Tax or similar Tax (as defined in Section 3.11) due in connection with the issuance and subscription of the Purchased Shares, if any.

**ARTICLE II**

**CLOSING; DELIVERY**

Section 2.01     Closing. The Closing shall be conducted remotely by the exchange of documents and signatures as soon as practicable, but in no event later than thirteen (13) Business Days following the satisfaction or waiver of all of the conditions set forth in Article VII and Article VIII hereof, as confirmed in writing by the Investors and the Company, or at such other place or at such other time or on such other date as the Company and the Investors may mutually agree in writing. The purchase of all the Purchased Shares by the Investors shall be completed simultaneously at the Closing. For the avoidance of doubt, no Investor shall be required to consummate its purchase of any Purchased Shares (as contemplated hereunder) at the Closing unless the other Investors also consummate their respective purchases of the Purchased Shares. “**Business Day**” means any calendar day other than a Saturday or Sunday on which banks are ordinarily open for general business in: the United States of America; the Cayman Islands; the British Virgin Islands; Hong Kong and the PRC.

Section 2.02     Delivery.

At the Closing, against payment by each Investor of its portion of the Purchase Price pursuant to Section 1.01, and in addition to any items the delivery of which is made an express condition to the Investors’ obligations at the Closing pursuant to Article VII, the Company shall deliver to each Investor (i) a copy of the updated register of members of the Company showing such Investor as the holder of the Purchased Shares purchased by such Investor hereunder, duly certified by the registered agent of the Company, (ii) one or more certificates evidencing the Purchased Shares purchased by such Investor hereunder and (iii) a copy of the updated register of directors of the Company evidencing the appointment of the directors of the Company in accordance with Section 7.06, duly certified by the registered agent of the Company.

## ARTICLE III

### REPRESENTATIONS AND WARRANTIES OF THE WARRANTORS

The Group Companies and 58.com (collectively, the “**Warrantors**” and individually, a “**Warrantor**”) hereby jointly and severally represent and warrant to each Investor, subject to the disclosures set forth in the disclosure schedule delivered to the Investors (the “**Disclosure Schedule**”, which disclosures shall be deemed to be disclosed to the Investors and to qualify the representations and warranties of the Warrantors to the Investors only to the extent that it is reasonably apparent from a reading of such disclosures that such disclosures are relevant to a particular representation and warranty and such disclosures include sufficient details to assess the nature and scope of the matter disclosed), as of the date hereof and as of Closing (unless otherwise specified), the following (it being understood that for purposes of the following representations and warranties, “**to the knowledge of the Warrantors**” or words of similar effect shall mean the actual knowledge of, with respect to each such Warrantor, the individuals listed in Section 3.00 of the Disclosure Schedule, and that knowledge which should have been acquired by each such individual after such due and diligent inquiries by such individual as a prudent business person would have made or exercised in the management of his or her business affairs):

#### Section 3.01 Organization, Standing and Qualification.

Each Warrantor is duly organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the Laws of the place of its incorporation or establishment and has all requisite legal and corporate power and authority to own, lease and operate its properties and assets and to carry on its business as now conducted, and to perform each of its obligations hereunder and under any agreement contemplated hereunder to which it is a party. Each Warrantor is duly qualified to do business and is in good standing (or equivalent status in the relevant jurisdiction) in each jurisdiction where failure to be so qualified would have a material adverse effect on the condition (financial or otherwise), prospects, assets or Liabilities (as defined below) relating to, or results of operation of or business as presently conducted and intended to be conducted of any Group Company (a “**Material Adverse Effect**”). The Company was formed solely to acquire and hold equity interests in the WFOE and since its formation has not engaged in any other business and has not incurred any Liability. “**Liabilities**” means, with respect to any Person, all debts, obligations, liabilities owed by such Person of any nature, whether accrued, absolute, contingent or otherwise, and whether due or to become due. The business license and articles of association of each of the PRC Companies is in full force and effect under, and in compliance with, the Laws of the PRC. “**Law**” or “**Laws**” means any constitutional provision, statute or other law, rule, regulation, official policy or interpretation of any Governmental Authority and any Governmental Order. “**Governmental Authority**” means any nation or government or any federation, province or state or any other political subdivision thereof; any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of the PRC, the Hong Kong Special Administrative Region, the Cayman Islands, the British Virgin Islands or any other country, or any political subdivision thereof, any court, tribunal or arbitrator, and any self-regulatory organization. “**Governmental Order**” means any applicable order, ruling, decision, verdict, decree, writ, subpoena, mandate, precept, command, directive, consent, approval, award, judgment, injunction or other similar determination or finding by, before or under the supervision of any Governmental Authority.

Section 3.02 Capitalization.

(a) Shares. As of the date hereof, the Company is authorized to issue a maximum of 200,000,000 ordinary shares of a single class, with a par value of US\$0.00001 per share (the “**Ordinary Shares**”), of which 90,980,000 Ordinary Shares are issued and outstanding. The Company will be authorized to issue, immediately following registration of the Restated Articles (as defined below) at the BVI Registrar of Corporate Affairs prior to the Closing, (i) 200,000,000 Class A ordinary shares, with a par value of US\$0.00001 per share (the “**Class A Ordinary Shares**”), of which 83,100,000 will be issued and outstanding, (ii) 200,000,000 Class B ordinary shares, with a par value of US\$0.00001 per share (the “**Class B Ordinary Shares**”), of which 1,880,000 will be issued and outstanding, (iii) 200,000,000 Class C ordinary shares, with a par value of US\$0.00001 per share (the “**Class C Ordinary Shares**”), of which 6,000,000 will be issued and outstanding, and (iv) 40,800,000 Series A Preferred Shares, none of which will be issued and outstanding. The rights, privileges and preferences of the Class A Ordinary Shares, Class B Ordinary Shares, Class C Ordinary Shares and Series A Preferred Shares are set out in the Shareholders Agreement (as defined below) and/or the Restated Articles.

(b) Options. Except for up to 9,020,000 Ordinary Shares (and options and warrants therefor) and 11,020,000 Class A Ordinary Shares (and options and warrants therefor) reserved as of the date hereof and immediately following the Closing, respectively, for issuance to directors, employees and advisors of the Group Companies pursuant to the Company’s 2015 Share Incentive Plan approved by the board of directors of the Company (the “**Board**”) as of February 10, 2015 and to be amended and restated on the Closing Date (the “**2015 Plan**”), and as contemplated hereby and by the other Transaction Documents (as defined below) and/or the Restated Articles, there are no options, restricted stock, restricted stock units, stock appreciation rights, phantom stock, profits interests, warrants, conversion privileges, agreements or rights of any kind (except for the Investor Rights Agreement, dated as of June 30, 2014, by and between 58.com, Ohio River Investment Limited (“**Ohio River**”) and other parties thereto (the “**Investor Rights Agreement**”)) with respect to the issuance or purchase of, or valued by reference to, in whole or in part, the Equity Securities of the Company or any other Group Company. Apart from the shareholders agreement to be entered into at the Closing (the “**Shareholders Agreement**”) in the form attached hereto as Exhibit C, no Group Company is a party to any contract that would subject any of its Equity Securities (including the Purchased Shares and other Preferred Shares in the case of the Company), or shares issuable upon exercise or exchange of any outstanding options or other shares issuable by such Group Company, to any preemptive rights, rights of first refusal or other rights of any kind to purchase such shares (whether in favor of such Group Company or any other Person). No Group Company is a party or subject to any agreement that affects or relates to the voting or giving of written consents with respect to, or the right to cause the registration, redemption, or repurchase of, any of its outstanding Equity Securities. “**Equity Securities**” means, with respect to a Person, any shares, share capital, registered capital, ownership interest, equity interest, or other securities of such Person, and any option, warrant, or right to subscribe for, acquire or purchase any of the foregoing, or any other security or instrument convertible into or exercisable or exchangeable for any of the foregoing, or any equity appreciation, phantom equity, equity plans or similar rights with respect to such Person, or any contract of any kind for the purchase or acquisition from such Person of any of the foregoing, either directly or indirectly.

(c) Issuance and Status. All presently outstanding Equity Securities of each Group Company were duly and validly issued (or subscribed for) in compliance with all applicable Laws, preemptive rights of any Person, and applicable contracts and are fully paid and non-assessable. All share capital of each Group Company is and as of the Closing shall be free of any and all Encumbrances (except as provided under the Transaction Documents and pursuant to applicable Laws). There are no (i) resolutions pending to change the share capital of any Group Company or cause the liquidation, winding up, or dissolution of any Group Company or (ii) dividends which have accrued or been declared but are unpaid by any Group Company. “**Encumbrance**” means any claim, mortgage, lien, pledge, title defect, easement, adverse claim, restrictive covenant, option, charge, security interest, encumbrance or other similar right of any third parties or other restriction or limitation of any kind whatsoever, including any restriction on the use, voting, transfer, receipt of income, or exercise of any attributes of ownership, whether voluntarily incurred or arising by operation of law, and includes any agreement to grant any of the foregoing in the future.

(d) Vesting. No contract of any Group Company relating to its Equity Securities provides for acceleration of vesting (or lapse of a repurchase right) or other changes in the vesting provisions or other terms of such agreement or understanding upon the occurrence of any event or combination of events. No Group Company has ever adjusted or amended the exercise price of any share options previously awarded, whether through amendment, cancellation, replacement grant, repricing, or any other means.

(e) Immediately upon the Closing, the Company’s ownership structure shall be as set forth in Part II of Schedule C attached hereto.

Section 3.03 Subsidiaries; Group Structure.

(a) As of the date hereof, except for (i) Daojia HK, 100% of the share capital of which is owned by the Company and (ii) the WFOE, 100% of the equity interest of which is owned by Daojia HK, the Company does not own or control, directly or indirectly, any equity interest in any other corporation, partnership, trust, joint venture, limited liability company, association or other business entity. The Company is not obligated to make any investment in or capital contribution in or on behalf of any other Person.

(b) As of the Closing, except for (i) Daojia HK, 100% of the share capital of which is owned by the Company, (ii) the WFOE, 100% of the equity interest of which is owned by Daojia HK and (iii) Tianjin Daojia, which will be effectively controlled by the Company prior to the Closing pursuant to the Control Agreements, the Company does not own or control, directly or indirectly, any equity interest in any other corporation, partnership, trust, joint venture, limited liability company, association or other business entity. “**Control Agreements**” means collectively, such agreements as set forth in Section 3.02(b) of the Disclosure Schedule. As of the Closing, none of Daojia HK and the PRC Companies is obligated to make any investment in or capital contribution in or on behalf of any other Person.

(c) As of the date hereof and the Closing, none of Daojia HK and the PRC Companies has any subsidiaries, owns or controls, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, association or other entity or maintains any offices or branches or subsidiaries except as set forth in Section 3.03 of the Disclosure Schedule.

Section 3.04 Due Authorization.

Each Warrantor has all requisite power, authority and legal capacity to execute and deliver this Agreement and each other agreement, document, instrument or certificate contemplated by this Agreement or to be executed by any party hereto in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, the Shareholders Agreement, the Spinoff Plan, the Business Cooperation Agreement, the Strategic Cooperation Agreement, the 58.com Non-Compete (as defined in Section 7.21) and the Control Agreements, the “**Transaction Documents**”) to the extent that it is a party and to carry out and perform its obligations thereunder. All action on the part of each Warrantor, their respective officers, directors and shareholders necessary for (i) the authorization, execution and delivery of, and the performance of the respective obligations of such Warrantor under the Transaction Documents to which it is a party, the Restated Articles, or the certificate of incorporation or other equivalent corporate charter document of any of the Group Companies (collectively, and with the Restated Articles in the case of the Company, the “**Constitutional Documents**”), and (ii) in the case of the Company, the authorization, issuance, reservation for issuance, sale and delivery of all of the Purchased Shares being issued and allotted under this Agreement and of the Ordinary Shares issuable upon conversion of such Purchased Shares (the “**Conversion Shares**”) has been taken or will be taken prior to the Closing. This Agreement has been duly executed and delivered by each Warrantor. Each of the Transaction Documents and the Constitutional Documents is or will, upon its execution be a valid and binding obligation of each Warrantor that is a party thereto, enforceable against such Warrantor in accordance with its terms, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar Laws of general application affecting creditors’ rights generally and to general equitable remedies.

Section 3.05 Valid Issuance of Purchased Shares.

(a) The Purchased Shares when issued, allotted, delivered and paid for in accordance with the terms of this Agreement, will be duly and validly issued, fully paid and nonassessable and will be free of any Encumbrance, other than Encumbrances under the Transaction Documents and the Constitutional Documents and under applicable securities Laws. The Conversion Shares have been validly reserved for issuance and, upon issuance in accordance with the terms of the Restated Articles, will be validly issued, fully paid and nonassessable and will be free of any Encumbrance, other than Encumbrances under the Transaction Documents and the Constitutional Documents, and under applicable securities Laws. The issuance of the Purchased Shares is not subject to any preemptive rights, rights of first refusal or similar rights.

(b) All currently outstanding capital shares of each Group Company are validly issued, fully paid and nonassessable, and all outstanding shares, options, warrants and other securities of each Group Company have been issued in full compliance with the requirements of all applicable securities Laws and regulations including, to the extent applicable, the registration and prospectus delivery requirements of the United States Securities Act of 1933, as amended (the “**Act**”), or in compliance with applicable exemptions therefrom, and all other provisions of applicable securities Laws and regulations, including, without limitation, anti-fraud provisions.

Section 3.06 Approvals.

All Approvals with respect to or on the part of any Group Company or any Management Shareholder required in connection with its valid execution, delivery, or performance of the transactions contemplated by this Agreement or the other Transaction Documents or the offer, sale, issuance or reservation for issuance of the Purchased Shares or Conversion Shares have been obtained or will be obtained prior to the Closing. Other than the consent of Ohio River pursuant to Section 2.05 of the Investor Rights Agreement, there is no other consent or Approval required from any third party in order for Alibaba to increase, nor any other restriction preventing Alibaba from increasing, its ownership interest in the Company following the Closing to 25% of the outstanding issued shares of the Company (on a fully-diluted as converted basis) pursuant to the exercise of the right of participation of Alibaba under the Shareholders Agreement. “**Approval**” means any approval, authorization, license, permit, release, order, or consent required to be obtained from, or any registration, qualification, designation, declaration, filing, notice, statement or other communication required to be filed with or delivered to, any Governmental Authority or any other Person, or any waiver of any of the foregoing.

Section 3.07 Offering.

The offer, sale and issuance of the Purchased Shares and the Conversion Shares, as contemplated by the Transaction Documents, are exempt from the qualification, registration and prospectus delivery requirements of the Act and any other applicable securities Laws.

Section 3.08 Liabilities.

Except (i) as set forth in Section 3.08 of the Disclosure Schedule, (ii) as set forth in the Financial Statements (as defined in Section 3.10) that have not been satisfied since the Statement Date (as defined in Section 3.10), and (iii) current liabilities incurred since the Statement Date in the ordinary course of the Group’s business consistent with its past practices and which do not exceed RMB1 million in the aggregate, no Group Company has any Liabilities.

Section 3.09 Constitutional Documents.

The Constitutional Documents of each Group Company are in the form provided to the Investors. Each Group Company has made available to the Investors or its counsel a copy of its minute books, to the extent such Group Company keeps minute books. Such copy is true, correct and complete, and contains all amendments and all minutes of meetings and actions taken by its shareholders and directors since the time of formation through the date hereof and reflects all transactions referred to in such minutes accurately in all material respects.

Section 3.10 Financial Statements.

(a) The Company has delivered to the Investors true, correct and complete copies of (i) the audited balance sheet and statement of operations and cash flows for Tianjin Daojia as of and for the twelve-month period ending on December 31, 2014 and (ii) the unaudited consolidated balance sheet and statement of operations and cash flows for the Group as of and for the eight-month period ending August 31, 2015 (the “**Statement Date**”). The financial statements referred to in (i) above are referred herein as the “**Audited Financial Statements**” and the financial statements referred to in (ii) above are referred herein as the “**Unaudited Financial Statements**” (together with Audited Financial Statements, the “**Financial Statements**”). The Financial Statements (A) are complete and correct in all material respects, (B) have been prepared in accordance with the Books and Records (as defined in Section 3.26) of Tianjin Daojia or the Group, as applicable and (C) were prepared in accordance with the Applicable Accounting Principles applied on a consistent basis throughout the periods involved. Except for such line items as set forth in Part 二 of the Spinoff Plan, the Audited Financial Statements fairly present in all material respects the financial condition and position of Tianjin Daojia as of the date indicated therein and the results of operations and cash flows of Tianjin Daojia for the period indicated therein. Except for such line items as set forth in Part 二 of the Spinoff Plan, the Unaudited Financial Statements fairly present in all material respects the financial condition and position of the Group as of the date indicated therein and the results of operations and cash flows of the Group for the period indicated therein. “**Applicable Accounting Principles**” means, in the case of the PRC Companies, the Accounting Standards for Business Enterprise (《企业会计准则》) promulgated by the Ministry of Finance of the PRC, and, in the case of all other Group Companies, U.S. GAAP (as defined below). All of the accounts receivable owing to any of the Group Companies, including without limitation all accounts receivable set forth on the Financial Statements, constitute valid and enforceable claims and are good and collectible in the ordinary course of business, net of any reserves shown on the Financial Statements (which reserves are adequate and were calculated on a basis consistent with the Applicable Accounting Principles), and no further goods or services are required to be provided in order to complete the sales and to entitle the applicable Group Company to collect in full. There are no material contingent or asserted claims, refusals to pay, or other rights of set-off with respect to any accounts receivable of the Group Companies to the knowledge of the Warrantors.

(b) The financial projections and business plan provided by the Company to the Investors (including the Business Plan) were reasonably prepared on a basis reflecting management’s best estimates, assumptions and judgments, at the time provided to the Investors, as to the future financial performance of the Group.

Section 3.11 Changes.

Since the Statement Date, except as expressly contemplated by this Agreement, the Control Agreements and the Spinoff Plan, the Group has operated its business in the ordinary course consistent with its past practice, there has not been any Material Adverse Effect or any material change in the way the Group conducts its business, no Group Company has entered into any transaction outside of the ordinary course of business consistent with its past practice, and there has not been by or with respect to any Group Company:

(a) any purchase, acquisition, sale, lease, disposal of or other transfer of any assets that are individually or in the aggregate material to its business, whether tangible or intangible, other than the purchase or sale of inventory in the ordinary course of business consistent with its past practice, or any acquisition (by merger, consolidation or other combination, or acquisition of stock or assets, or otherwise) of any business or other Person or division thereof;

(b) any waiver, termination, settlement or compromise of a valuable right or of a material debt;

(c) any incurrence, creation, assumption, repayment, satisfaction, or discharge of (1) any material Encumbrance or (2) any indebtedness or guarantee in excess of RMB1 million, or the making of any loan or advance (other than reasonable and normal advances to employees for bona fide expenses that are incurred in the ordinary course of business consistent with its past practice), or the making of any investment or capital contribution in excess of RMB1 million;

(d) except in the ordinary course of business consistent with its past practice, any amendment to any Group Company Contract, any entering into of any new Group Company Contract, or any termination of any contract that would have been a Group Company Contract if in effect on the date hereof, or any amendment to any Charter Document, or any amendment to or waiver under any Charter Document, in each case except for as expressly provided for or disclosed in this Agreement;

(e) any declaration, setting aside or payment or other distribution in respect of any Equity Securities, or any direct or indirect redemption, purchase or other acquisition of any Equity Securities;

(f) any damage, destruction or loss, whether or not covered by insurance, materially and adversely affecting the assets, properties, financial condition, operations or business (as presently conducted) of any Group Company;

(g) any material change in accounting methods or practices or any revaluation of any of its assets;

(h) entry into any closing agreement in respect of material Taxes, settlement of any claim or assessment in respect of any material Taxes (as defined below), or consent to any extension or waiver of the limitation period applicable to any claim or assessment in respect of any material Taxes, entry or change of any material Tax election, change of any method of accounting resulting in a material amount of additional Tax or filing of any material amended Tax Return (as defined below);

(i) any commencement or settlement of any material Action; or

(j) any agreement or commitment to do any of the things described in this [Section 3.11](#).

“**Tax**” means (i) in the PRC: (A) any national, provincial, municipal, or local taxes, charges, fees, levies, or other assessments, including, without limitation, all net income (including enterprise income tax and individual income withholding tax), turnover (including value-added tax, business tax, and consumption tax), resource (including urban and township land use tax), special purpose (including land value-added tax, urban maintenance and construction tax, and additional education fees), property (including urban real estate tax and land use fees), documentation (including stamp duty and deed tax), filing, recording, social insurance (including pension, medical, unemployment, housing, and other social insurance withholding), tariffs (including import duty and import value-added tax), and estimated and provisional taxes, charges, fees, levies, or other assessments of any kind whatsoever, (B) all interest, penalties (administrative, civil or criminal), late payment surcharge or additional amounts imposed by any Governmental Authority in connection with any item described in clause (A) above, and (C) any form of transferee liability imposed by any Governmental Authority in connection with any item described in clauses (A) and (B) above, and (ii) in any jurisdiction other than the PRC: all similar liabilities as described in clause (i) above. “**Tax Return**” means any return, report or statement showing Taxes, used to pay Taxes, or required to be filed with respect to any Tax (including any elections, declarations, schedules or attachments thereto, and any amendment thereof), including any information return, claim for refund, amended return or declaration of estimated or provisional Tax.

Section 3.12 Title to Properties and Assets.

(a) Title. Except as set forth in the Spinoff Plan, each Group Company has good and marketable title to all of its assets, whether real, personal or mixed, purported to be owned by it (including but not limited to all such assets reflected in the Financial Statements), in each case free of any Encumbrance. The foregoing assets collectively represent in all material respects all assets, rights and properties necessary for the conduct of the business of the Group in the manner conducted during the periods covered by the Financial Statements. Except for leased items, no Person other than a Group Company owns any interest in any such assets. All leases of real or personal property to which a Group Company is a party are fully effective and afford the Group Company valid leasehold possession of the real or personal property that is the subject of the lease. With respect to the material property and assets it leases, except as set forth in Section 3.12(a) of the Disclosure Schedule, each Group Company is in compliance with such leases and such Group Company holds valid leasehold interests in such assets free of any Encumbrance other than the existing rights of lessors of such property and assets.

(b) Real Property. No Group Company owns any real property or has any easements, licenses, rights of way, or other interests in or to real property. All leasehold properties of the Group are held under valid, binding and enforceable leases of a Group Company. Except as set forth in the Spinoff Plan, there are no facilities, services, assets or properties shared with any other Person which is not a Group Company, which are used in connection with the business of the Group.

(c) Personal Property. All machinery, vehicles, equipment and other tangible personal property owned or leased by a Group Company are (i) in good condition and repair in all material respects (reasonable wear and tear excepted) and (ii) not obsolete or in need in any material respect of renewal or replacement, except for renewal or replacement in the ordinary course of business.

(d) Sufficiency of Assets. As of the Closing, except as set forth in the Spinoff Plan, the assets of the Group Companies will include all assets, tangible and intangible, necessary and sufficient to conduct the Business of the Group Companies in the manner in which it is currently being conducted and currently proposed to be conducted.

Section 3.13 Intellectual Property.

- (a) The following terms, as used herein, have the following meanings:
- (i) **“Intellectual Property”** means all right, title and interest in or relating to intellectual property, whether protected, created or arising under the laws of the United States or any other jurisdiction, including: (A) all patents and applications therefor, including all continuations, divisionals, and continuations-in-part thereof and patents issuing thereon, along with all reissues, reexaminations and extensions thereof; (B) all trademarks, service marks, trade names, service names, brand names, d/b/a names, trade dress rights, corporate names, trade styles, logos and other source or business identifiers and general intangibles of a like nature, together with the goodwill associated with any of the foregoing, along with all applications, registrations, renewals and extensions thereof; (C) all Internet domain names; (D) all copyrights and all mask work, database and design rights, whether or not registered or published, all registrations and recordings thereof and all applications in connection therewith, along with all reversions, extensions and renewals thereof; (E) all trade secrets and other proprietary confidential information; and (F) all other intellectual property rights arising from or relating to Technology.
  - (ii) **“Personal Information”** means all information from or about an individual person which is used or could be used to identify, contact or precisely locate the individual.
  - (iii) **“Privacy Laws”** means all laws in any jurisdiction governing the receipt, collection, use, storage, processing, sharing, security, disclosure or transfer of Personal Information, including all laws governing data breach notification.
  - (iv) **“Software”** means any and all computer programs, whether in source code or object code; databases and compilations, whether machine readable or otherwise; descriptions, flow-charts and other work product used to design, plan, organize and develop any of the foregoing; and all documentation including user manuals and other training documentation related to any of the foregoing.
  - (v) **“Technology”** means, collectively, designs, formulae, algorithms, procedures, methods, techniques, ideas, know-how, results of research and development, Software, tools, data, inventions, apparatus, creations, improvements, works of authorship and other similar materials, and all recordings, graphs, drawings, analyses, and any other embodiments of the above, in any form whether or not specifically listed herein, and all related technology, that are used, incorporated or embodied in or displayed by any of the foregoing or used in the design, development, reproduction, sale, marketing, maintenance or modification of any of the foregoing.

(b) Section 3.13(b) of the Disclosure Schedule sets forth an accurate and complete list of all registered Intellectual Property owned by the Group Companies, 58.com or any Affiliate and used in the conduct of the Business of the Group Companies as currently conducted and as currently proposed to be conducted (excluding know-how and trade secrets), including, for each such item of registered Intellectual Property, the registration or application number and date (as applicable), the jurisdiction and the name of the registrant. Except as set forth under the Spinoff Plan or in Section 3.13(b) of the Disclosure Schedule, as of the Closing, the Group Companies are (or will be) the sole and exclusive owner of, or have (or will have) valid and continuing rights to use pursuant to a written agreement all Intellectual Property and Technology used in the conduct of the Business of the Group Companies, free and clear of all Encumbrances or obligations to others. As of the Closing, the Intellectual Property and Technology rights of the Group Companies will include all of the Intellectual Property and Technology rights necessary and sufficient to conduct the Business of the Group Companies in the manner in which it is currently being conducted and currently proposed to be conducted. The registered Intellectual Property set forth on Section 3.13 (b) of the Disclosure Schedule is subsisting and, to the knowledge of the Warrantors, valid and enforceable.

(c) Except for commercial off-the-shelf Software available for an aggregate license fee of no more than US\$10,000 (which exception shall not apply to any Open Source Software (as defined below)), Section 3.13(c) of the Disclosure Schedule sets forth a complete and accurate list of all contracts to which a Group Company, 58.com or an Affiliate is a party pursuant to which a Group Company, 58.com or an Affiliate grants or is granted rights to, in or under any Intellectual Property or Technology used in the conduct of the Business of the Group Companies. None of the Group Companies, 58.com nor any Affiliate is in default under any such contract, nor, to the knowledge of the Warrantors, is any other party to any such contract in default thereunder, and no event has occurred that with the lapse of time or the giving of notice or both would constitute a default thereunder.

(d) To the knowledge of the Warrantors, none of the business and operations of the Group Companies or the Intellectual Property or Technology owned by or licensed to the Group Companies, 58.com or an Affiliate and used in the conduct of the Business of the Group Companies infringe, constitute an unauthorized use of, misappropriate or violate any Intellectual Property or other similar right of any Person.

(e) None of the Group Companies, 58.com or an Affiliate is the subject of any pending or, to the knowledge of the Warrantors, threatened Action by any Person against the Group Companies, 58.com or an Affiliate which involves a claim of infringement, unauthorized use, misappropriation, dilution or violation of Intellectual Property or challenging the ownership, use, validity or enforceability of the Intellectual Property owned by or licensed to the Group Companies, 58.com or an Affiliate and used in the conduct of the Business of the Group Companies. None of the Group Companies, 58.com or an Affiliate has received written notice of any such threatened claim and, to the knowledge of the Warrantors, there are no facts or circumstances that would form the basis for any such claim or challenge.

(f) To the knowledge of the Warrantors, no Person is infringing, violating, misusing or misappropriating any Intellectual Property owned by the Group Companies, 58.com or an Affiliate and used in the conduct of the Business of the Group Companies, and no such claims have been made against any Person by the Group Companies, 58.com or an Affiliate.

(g) The Group Companies, 58.com or an Affiliate have taken adequate security measures, consistent with standard practices in the industry in which the Group Companies operate, to protect the secrecy, confidentiality and value of all the trade secrets and any other non-public, proprietary information included in the Intellectual Property and Technology owned by or licensed to the Group Companies, 58.com or an Affiliate and used in the conduct of the Business of the Group Companies as currently conducted and as currently proposed to be conducted. With respect to the Intellectual Property, trade secrets and other confidential information owned by the Group Companies and the Intellectual Property, trade secrets and other confidential information owned by 58.com or any Affiliate and licensed by any Group Company or used in the conduct of the Business of the Group Companies as currently conducted or as currently proposed to be conducted, the Group Companies, 58.com or an Affiliate have executed valid, written agreements with all of their past and present employees, contractors and consultants pursuant to which such employees, contractors and consultants have: (i) agreed to hold all such trade secrets and other confidential information in confidence both during and after their engagement and/or employment, and (ii) presently and irrevocably assigned to the Group Companies, 58.com or an Affiliate all their rights in and to all Intellectual Property they develop or have developed in the course of their engagement and/or employment. No confidential information owned by the Group Companies, or owned by 58.com or any Affiliate but used in the conduct of the Business of the Group Companies as currently conducted or as currently proposed to be conducted, has been authorized to be disclosed or, to the knowledge of the Warrantors, has been actually disclosed to any Person other than pursuant to a valid, written non-disclosure agreement restricting the disclosure and use of such information both during and after the term of their engagement. No Person, other than the Group Companies, 58.com or an Affiliate has any right, title or interest, directly or indirectly, in whole or in part, in any Intellectual Property used in the conduct of the Business of the Group Companies as currently conducted or as currently proposed to be conducted and developed by such employees, contractors or consultants.

(h) Section 3.13(h) of the Disclosure Schedule sets forth an accurate and complete list of all (i) Software owned exclusively by the Group Companies, 58.com or an Affiliate and used in the conduct of the Business of the Group Companies as currently conducted and as currently proposed to be conducted, (ii) other Software material to the conduct of the Business of the Group Companies that is not exclusively owned by the Group Companies, 58.com or an Affiliate, excluding commercial-off-the-shelf Software available on reasonable terms for an aggregate license fee of no more than \$10,000, and (iii) open source Software, freeware, public library or other Software distributed under similar licensing or distribution models (collectively, “**Open Source Software**”) material to the business practices, methods, products, services or operations of the Group Companies.

(i) The Software, hardware, servers, networks, interfaces databases, computer equipment and other information technology owned or used by the Group Companies, 58.com or an Affiliate and used in the Business of the Group Companies (“**Company Systems**”) are adequate for the business of the Group Companies as currently conducted and as currently proposed to be conducted. The Company Systems have not suffered any material failure within the past three (3) years. The Group Companies maintain security, business continuity and disaster recovery plans, procedures and facilities consistent with standard practices in the industry in which the Group Companies operate. The Group Companies, 58.com or an Affiliate has secured all necessary license rights from third party owners of Software, Intellectual Property and Technology utilized in connection with the Company Systems sufficient for the operation of the Company Systems as currently conducted and as currently proposed to be conducted.

(j) Except as set forth on Section 3.13(j) of the Disclosure Schedule, no Open Source Software has been incorporated into any material Company Systems or Software owned or licensed by the Group Companies, 58.com or an Affiliate and used in the conduct of the Business of the Group Companies that would in any way obligate the Group Companies, 58.com or an Affiliate to disclose to any third party the source code for any such Software. None of the Group Companies, 58.com nor an Affiliate has provided or is obligated to provide to any third party the source code for any material Software owned or purportedly owned by the Group Companies, 58.com or any Affiliate and used in the conduct of the Business of the Group Companies.

(k) The Group Companies, 58.com or an Affiliate during the conduct of the Business of the Group Companies, has complied in all material respects with all applicable Privacy Laws.

#### Section 3.14 Group Company Contracts and Obligations.

A true and complete list of the Group Company Contracts (as defined below) is set forth in Section 3.14 of the Disclosure Schedule, a true, fully-executed copy of which (and a written summary of each non-written Group Company Contract) has been delivered to the Investors. Each Group Company Contract is a valid and binding agreement of the Group Company that is a party thereto, the performance of which does not and will not violate any applicable Law or Governmental Order, and is in full force and effect, and such Group Company has duly performed all of its obligations under each Group Company Contract to the extent that such obligations to perform have accrued, and no breach or default, alleged breach or alleged default, or event which would (with the passage of time, notice or both) constitute a breach or default thereunder by such Group Company or, to the knowledge of the Warrantors, any other party or obligor with respect thereto, has occurred, or as a result of the execution, delivery, and performance of the Transaction Documents will occur. No Group Company has given notice (whether or not written) that it intends to terminate a Group Company Contract or that any other party thereto has breached, violated or defaulted under any Group Company Contract. No Group Company has received any notice (whether written or not) that it has breached, violated or defaulted under any Group Company Contract or that any other party thereto intends to terminate such Group Company Contract. For the purpose of this Agreement, the term “**Group Company Contract**” means any contract to which a Group Company is bound that (a) involves obligations (contingent or otherwise) or payments in excess of US\$500,000 individually or in the aggregate per annum or that has an unexpired term in excess of one (1) year, (b) involves Intellectual Property that is material to a Group Company (other than generally-available “off-the-shelf” shrink-wrap software licenses obtained by the Group on non-exclusive and non-negotiated terms), (c) restricts the ability of a Group Company to compete or to conduct or engage in any business or activity or in any territory, (d) relates to the sale, issuance, grant, exercise, award, purchase, repurchase or redemption of any Equity Securities other than those pursuant to the 2015 Plan, (e) involves any provisions providing exclusivity, “change in control”, “most favored nations”, rights of first refusal or first negotiation or similar rights, or grants a power of attorney, agency or similar authority, (f) is with an officer, director, shareholder or Affiliate (as defined in Section 9.04), (g) involves indebtedness, an extension of credit, a guaranty or assumption of any obligation in excess of US\$500,000, or the grant of an Encumbrance, (h) involves the lease, license, sale, use, disposition or acquisition of a material amount of assets or of a business, (i) involves the waiver, compromise, or settlement of any material dispute, claim, litigation or arbitration, (j) involves the ownership or lease of, title to, use of, or any leasehold or other interest in, any real or personal property (except for personal property leases involving payments of less than US\$500,000 per annum), (k) involves the establishment, contribution to, or operation of a partnership, joint venture or involving a sharing of profits or losses, or any investment in, loan to or acquisition or sale of the securities, equity interests or assets of any Person, (l) is with any Persons identified in Schedule D (each, a “**Key Employee**”), (m) is with a Governmental Authority or state-owned enterprise, (n) is a Control Agreement or (o) is otherwise material to the Group taken as a whole.

Section 3.15 Litigation.

Unless otherwise listed in Section 3.15 of the Disclosure Schedule, there is no material notice, charge, claim, action, complaint, petition, investigation, suit, arbitration or other proceeding, whether administrative, civil or criminal, whether at Law or in equity, and whether or not before any mediator, arbitrator or Governmental Authority (“**Action**”) pending or, to the knowledge of the Warrantors, currently threatened (orally or in writing) against any of the Group Companies with respect to any Group Company’s activities (current or proposed), properties or assets. To the knowledge of the Warrantors, there is no Action pending or threatened (orally or in writing) against any officer, director or employee of a Group Company in connection with such officer’s, director’s or employee’s relationship with, or actions taken on behalf of any Group Company. To the knowledge of the Warrantors, there is no factual or legal basis for any of the foregoing, including with respect to any Action involving the prior employment of any of the employees of any Group Company, their use in connection with such Group Company’s business of any information or techniques allegedly proprietary to any of their former employers or their obligations under any agreements with prior employers. None of the Group Companies is a party to or subject to, and none of their respective assets or properties is subject to, the provisions of any Governmental Order and there is no Action by any Group Company currently pending or which it intends to initiate. No Governmental Authority has at any time challenged or questioned in writing the legal right of any Group Company to conduct its business as presently being conducted or proposed to be conducted. No Group Company has received any opinion or memorandum or advice from legal counsel to the effect that it is exposed, from a legal standpoint, to any liability or disadvantage which may be material to its business.

Section 3.16 Compliance with Laws.

(a) Other than as described in Section 3.16 of the Disclosure Schedule, each Group Company (including with respect to the ownership thereof, the operation of its business and the ownership and use of its assets) is and has been in compliance with all applicable Laws in all material respects.

(b) The business of each Group Company as now conducted and proposed to be conducted (including any business proposed to be conducted by entities that are not currently existing as of the Closing) are in compliance with all Laws and regulations that may be applicable, including without limitation all Laws of the PRC with respect to mergers, acquisitions, foreign investment and foreign exchange transactions in all material respects.

(c) No event has occurred and no circumstance exists that (with or without notice or lapse of time) (i) may constitute or result in a material violation by any Group Company of, or a failure on the part of such Group Company to comply in all material respects with, any applicable Law or (ii) may give rise to any material obligation on the part of a Group Company to undertake, or to bear all or any portion of the cost of, any material remedial action of any nature.

(d) No Group Company has received any notice from any Governmental Authority regarding (i) any actual, alleged, possible or potential material violation of, or material failure to comply with, any applicable Law or (ii) any actual, alleged, possible or potential material obligation on the part of such Group Company to undertake, or to bear all or any portion of the cost of, any material remedial action of any nature. To the knowledge of the Warrantors, the Company is not under investigation with respect to a violation of any applicable Law.

Section 3.17 Permits.

Each Group Company has all franchises, consents, licenses, permits, approvals, certificates, orders, authorizations or registrations, qualifications, designations, declarations or filings by or with any governmental authority necessary for its respective business and operations as now conducted or planned to be conducted (including any special approvals or permits required under applicable Laws, the “**Permits**”). Each Permit is valid and in full force and effect. No Group Company has received any written notice from any Governmental Authority regarding any actual or possible default or violation of any Permit. To the knowledge of the Warrantors, no suspension, cancellation or termination of any such Permits is pending, threatened or imminent.

Section 3.18 Certain Regulatory Matters.

(a) The Management Shareholders and the Group Companies have obtained any and all Approvals from applicable Governmental Authorities and have fulfilled any and all filing and registration requirements with applicable Governmental Authorities necessary in respect of the Management Shareholders and their investment in the Group Companies, and in respect of the Group Companies and their operations, respectively. All filings and registrations with applicable Governmental Authorities required in respect of the Group Companies, the Management Shareholders, including but not limited to the registrations with the Ministry of Commerce (or any predecessors), the Ministry of Information Industry, the State Administration of Industry and Commerce, the State Administration of Foreign Exchange (“**SAFE**”), tax bureaus, customs authorities, product registration authorities, health regulatory authorities and the local counterpart of each of such Governmental Authorities, as applicable, have been duly completed in accordance with applicable Law. No Management Shareholder or Group Company has received any letter or notice from any applicable Governmental Authorities notifying it of the revocation of any Approval issued to it or the need for compliance or remedial actions in respect of the activities carried out directly or indirectly by any Management Shareholder or Group Company. Each Group Company has been conducting its business activities within the permitted scope of business or is otherwise operating its businesses in full compliance in all material respects with all relevant Laws and Governmental Orders. No Management Shareholder or Group Company has reason to believe that any Approval requisite for the conduct of any part of its business which is subject to periodic renewal will not be granted or renewed by the relevant Governmental Authorities.

(b) To the knowledge of the Warrantors, each holder or beneficial owner of Equity Securities of the Company (each, a “**Company Security Holder**”), who is a “Domestic Resident” as defined in the Circular of the State Administration of Foreign Exchange on Relevant Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Overseas Investment or Financing and in Return Investment via Special Purpose Vehicles (《关于境内居民通过特殊目的公司境外投融资及返程投资外汇管理有关问题的通知》) issued by the SAFE on July 4, 2014 and any successor rule or regulation under PRC law (“**Circular 37**”) has complied with any applicable reporting and/or registration requirements under Circular 37 and any other applicable SAFE rules and regulations, (collectively, the “**SAFE Rules and Regulations**”). Neither the Warrantors nor, to the knowledge of the Warrantors, any of the Company Security Holders has received any oral or written inquiries, notifications, orders or any other forms of official correspondence from SAFE or any of its local branches with respect to any actual or alleged non-compliance with the SAFE Rules and Regulations and the Company and the Company Security Holders have made all oral or written filings, registrations, reporting or any other communications required by SAFE or any of its local branches. The WFOE has obtained all certificates, approvals, permits, licenses, registration receipts and any similar authorization necessary under PRC Laws to conduct foreign exchange transactions (collectively, the “**Foreign Exchange Authorization**”) as now being conducted by it, and believes it can obtain, without undue burden or expense, any such Foreign Exchange Authorization for the conduct of foreign exchange transactions as planned to be conducted. All existing Foreign Exchange Authorization held by the WFOE is valid and the WFOE is not in default under any of such Foreign Exchange Authorization.

Section 3.19 Compliance with Other Instruments and Agreements.

(a) None of the Group Companies is or has been in, nor shall the conduct of its business as currently conducted result in, violation, breach or default of any term of its Constitutional Documents, or material violation, breach or default of any term or provision of any Group Company Contract or of any provision of any Governmental Order, statute, rule or regulation applicable to or binding upon such Group Company. None of the activities, agreements, commitments or rights of any Group Company is invalid, or unauthorized.

(b) The execution, delivery and performance of and compliance with the Transaction Documents and the consummation of the transactions contemplated hereby and thereby, will not result in (x) any such violation, breach or default, or be in conflict with or constitute, with or without the passage of time or the giving of notice or both, a default under (i) the Constitutional Documents of any Group Company, (ii) any Contract to which a Group Company is a party or by which it or its assets is bound or (iii) any applicable Law, except in the case of clause (ii) and (iii) such violation, breach or default that would not be material to the Group taken as a whole, (y) the creation or imposition of any material Encumbrance upon, or with respect to, any of the properties, assets or rights of any Group Company, or (z) any termination, modification, cancellation, or suspension of any material right of, or any augmentation or acceleration of any material obligation of, any Group Company.

Section 3.20 Registration Rights.

Except as provided in the Shareholders Agreement and as set forth in Section 3.20 of the Disclosure Schedule, no Group Company has granted or agreed to grant any Person any registration rights (including piggyback registration rights) with respect to, nor is the Company obliged to list, any of the Company’s shares (or the shares of any Group Company) on any securities exchange. Except as set forth in Section 3.20 of the Disclosure Schedule or as contemplated under the Transaction Documents, there are no voting or similar agreements which relate to the issued shares of the Company or any of the equity interests of the Group Companies.

Section 3.21 Financial Advisor Fees.

There exists no agreement or understanding between any Group Company and any investment bank, broker or other financial advisor under which such Group Company may owe any brokerage, placement or other fees relating to the offer or sale of the Purchased Shares.

Section 3.22 Tax Matters.

(a) Each of the Group Companies has duly and timely filed (taking into account any extensions) all income and other material Tax Returns with the appropriate Governmental Authority as required by applicable Law to have been filed by it and all such Tax Returns are true, correct and complete in all respects. Each of the Group Companies has timely paid all Taxes due and payable by it to the appropriate Governmental Authority. There are no Tax liens upon any property or assets of any of the Group Companies except for statutory liens for current Taxes not yet due and payable or for those being diligently contested in good faith by appropriate proceedings and sufficiently reserved for on the Company's Financial Statements in accordance with Applicable Accounting Principles. Each of the Group Companies has made full and adequate provisions in their Books and Records and Financial Statements for all unpaid Taxes of each Group Company (as applicable), including all Taxes which are not yet due and payable.

(b) All Taxes which any Group Company was obligated to collect, deduct or withhold from amounts paid by any customer or other third party, or owing to any employee, creditor or other third party, have been timely collected, deducted or withheld and paid to the appropriate Governmental Authority. The Group Companies have provided to the Investors complete copies of (i) all Tax Returns of each Group Company relating to taxable periods ending after December 31, 2013 and (ii) any audit report issued within the last three (3) years relating to any Taxes due from or with respect to any Group Company.

(c) No Tax examination, audit, investigation, or administrative or judicial proceedings by any Governmental Authority are currently in progress with respect to the Group Companies. None of the Group Companies has received any (i) notice from any Governmental Authority indicating any intent to open an audit, investigation, or administrative or judicial proceeding in respect of any Tax or Tax Return, or (ii) notice of deficiency or proposed adjustment for any unpaid Taxes by any Governmental Authority. All deficiencies asserted or assessments made as a result of any audit or examination by any Governmental Authority of the Tax Returns of any of the Group Companies have been fully paid.

(d) Each of the Group Companies (i) does not have, and has never had, a permanent establishment in any country other than the country in which it is organized and resident and (ii) has never engaged in a trade or business in any country other than the country in which it is organized and resident. None of the Group Companies has received any written claim from a Governmental Authority in a jurisdiction where a Group Company does not file Tax Returns that such Group Company is or may be subject to taxation by that jurisdiction.

(e) None of the Group Companies is subject to any waivers or extensions of applicable statutes of limitation with respect to Taxes.

(f) Each Group Company is in compliance in all respects with all terms, conditions and formalities necessary for the continuance of any Tax exemption, Tax holiday, Tax credit, Tax incentive, Tax refund or other Tax reduction agreement or order available under any applicable Tax Law and each such Tax exemption, Tax holiday, Tax credit, Tax incentive, Tax refund or other Tax reduction agreement or order is expected to remain in full effect throughout the current effective period thereof after the Closing Date, and no Group Company has received any notice from any Governmental Authority to the contrary. Each of the Group Companies is in compliance with all transfer pricing requirements in all jurisdictions in which it is required to comply with applicable transfer pricing regulations, and all the transactions between any Group Company and other related persons (including any Group Company) have been effected on an arm's length basis. The transactions contemplated under this Agreement and the other Transaction Documents are not in violation of any applicable Law regarding Taxes, and will not result in any Tax exemption, Tax holiday, Tax credit, Tax incentive, Tax refund or similar item being revoked, cancelled or terminated, or trigger any Tax liability for any Group Company.

(g) None of the Group Companies (i) is subject to any waivers or extensions of applicable statutes of limitations with respect to Taxes for any year, (ii) has any liability for the Taxes of any Person other than the Group Companies by reason of state, local or foreign Law, contract, assumption, transferee or successor liability, operation of law or otherwise, (iii) has ever been a member of an affiliated, consolidated, combined or unitary group filing for U.S. federal, US state or non-U.S. income Tax purposes, (iv) is party to or bound by any Tax sharing agreement, Tax indemnity or similar agreement in favor of any person with respect to Taxes (including any advance pricing agreement or other similar agreement relating to Taxes with any taxing authority) other than customary provisions contained commercial agreements entered into in the ordinary course of business the primary purpose of which does not relate to Taxes, (v) is subject to any private letter ruling or any comparable Tax rulings of any Governmental Authority, (vi) has entered into any agreement or arrangement with any Governmental Authority that requires it to take any action or to refrain from taking any action or is a party to any agreement with any Governmental Authority that would be terminated or adversely affected as a result of the transactions contemplated by this Agreement, (vii) will be required under applicable Tax law (A) to report any amount of taxable income for any taxable period beginning after the date on which the Closing occurs (the "**Closing Date**") which taxable income was realized (or reflects economic income arising) prior to the Closing Date or (B) to exclude qualification for Tax exemption, Tax holiday, Tax credit, Tax incentive or Tax refund for any taxable period beginning after the Closing Date with respect to any such qualification for Tax exemption, Tax holiday, Tax credit, Tax incentive or Tax refund that was present prior to the Closing Date as a result of a change in a method of accounting occurring prior to the Closing Date, (viii) is a "surrogate foreign corporation" within the meaning of Section 7874(a)(2) (B) of the Code or is treated as a U.S. corporation under Section 7874(b) of the Code, (ix) has an election in effect under Section 897(i) of the Code to be treated as a United States corporation or (x) has incurred any Taxes after the Statement Date other than in the ordinary course of business. "**Code**" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

(h) Each of the Group Companies is, and has been since its inception, treated and properly classified as an association taxable as a corporation for U.S. federal income Tax purposes.

(i) For the purposes of this Section 3.22, references to any Group Company shall include any entity that was merged with or liquidated or converted into such Group Company.

Section 3.23 Interested Party Transactions.

(a) Except as otherwise disclosed in Section 3.23 of the Disclosure Schedule, no officer, director or director-level or above employee (including the Key Employees) of any Group Company or any “**Affiliate**” or “**Associate**” (as used in this Section 3.23(a), as such terms are defined in Rule 405 promulgated under the Act) of any such Person (each such officer, director, employee, Affiliate and Associate, an “**Interested Party**”) has any agreement (whether oral or written), understanding, proposed transaction with, or is indebted to, any Group Company, nor is any Group Company indebted (or committed to make loans or extend or guarantee credit) to any such Person (other than for accrued salaries, reimbursable expenses or other standard employee benefits) (any such agreement, understanding, proposed transaction or indebtedness, an “**Interested Party Transaction**”). Each Interested Party Transaction is on terms and conditions as favorable to the applicable Group Company as would have been obtainable by it at the time in a comparable arm’s-length transaction with an unrelated party.

(b) No Interested Party has any direct or indirect ownership interest in, or any agreement or other arrangement or undertaking, whether oral or written, with, any Person with which a Group Company has a material business relationship, or any Person that competes with a Group Company. No Interested Party has or has had, either directly or indirectly, an interest in any material contract or agreement to which a Group Company is a party or by which it may be bound or affected. None of the Group Companies is indebted, directly or indirectly, to any Interested Party, in any amount whatsoever other than in connection with expenses or advances of expenses incurred in the ordinary course of business or relocation expenses of employees of such Group Company. There is no agreement between any shareholder of the Company with respect to the ownership or control of any Group Company.

Section 3.24 Employee Matters.

(a) Except as set forth in Section 3.24(a) of the Disclosure Schedule, no Group Company is a party to any labor, works council or collective bargaining agreement and there are not labor, works council or collective bargaining agreements which pertain to employees of the Group Companies. The Group Companies have delivered or otherwise made available to the Investors true, correct and complete copies of the labor, works council or collective bargaining agreements listed on Section 3.24(a) of the Disclosure Schedule, together with all amendments, modifications or supplements thereto.

(b) No union organization campaign is in progress or threatened with respect to any employees of any Group Company, no labor organization or group of employees has made a pending demand for recognition by any Group Company, and there are no representation proceedings or petitions seeking a representation proceeding presently pending or, to the knowledge of any Group Company, threatened to be brought or filed, with any labor relations tribunal, and no question concerning representation exists respecting such employees.

(c) There are no labor strikes, work stoppages, slowdowns, lockouts, grievances, charges, complaints or similar material labor disputes pending or, to the knowledge of any Group Company, threatened in writing against any Group Company.

(d) The PRC Companies have entered into written labor contracts with all of their respective employees and such labor contracts are in compliance with applicable PRC Laws.

(e) No employee of the Group Companies is owed any back wages or other compensation for services rendered (except for the current pay period or as otherwise set forth on the Financial Statements). Except as disclosed in Section 3.24(e) of the Disclosure Schedule, there is no, and there has not been in the last three (3) years, any material Action relating to the violation or alleged violation of any Law by any Group Company pertaining to labor relations or employment matters, including any charge or complaint filed by an employee with any Governmental Authority or any Group Company. Each Group Company has complied in all material respects with all Laws relating to employment, wages, hours, overtime, working conditions, benefits, retirement, labor dispatch, termination, Taxes, and health and safety. Each Group Company is in compliance with each Law relating to its provision of any form of social insurance and housing fund (“**Social Insurance**”), and has paid, or made provision for the payment of, all Social Insurance contributions required under applicable Law.

(f) The Group Companies are not aware that any Key Employee intends to terminate their employment with any Group Company, nor does any Group Company have a present intention to terminate the employment of any Key Employee. Each employee or consultant of the Group Companies (other than the PRC Companies) is either an at-will employee or a consultant of such Group Company.

(g) No current or former employee or consultant of the Group Companies has excluded works or inventions from his or her assignment of inventions pursuant to such employee’s confidentiality, non-competition and intellectual property rights agreement.

(h) Except (i) the 2015 Plan, (ii) as required under the applicable Laws and (iii) as otherwise disclosed in Section 3.24(h) of the Disclosure Schedule, the Group Companies are not party to or bound by any currently effective share incentive compensation, equity-based compensation, deferred compensation, change in control benefits, severance, tax equalization, retirement agreement, stock purchase, leave of absence, share option, profit sharing, bonus or other employee compensation agreement.

Section 3.25 No Other Business.

The Company was formed solely to acquire and hold an equity interest in Daojia HK, and since its formation has not engaged in any business and has not incurred any liability in the course of its business of acquiring and holding its equity interest in Daojia HK. Daojia HK was formed solely to acquire and hold an equity interest in the WFOE and since its formation has not engaged in any business and has not incurred any liability in the course of its business of acquiring and holding its equity interest in the WFOE. The WFOE was formed solely to control Tianjin Daojia upon the due execution of the Control Agreements and has not incurred any liability in the course of its business of controlling Tianjin Daojia. Tianjin Daojia is engaged solely in the Business and has no other activities.

Section 3.26 Books and Records.

The books of account and other financial records, minute books, stock record books, and other records (the “**Books and Records**”) of the Group Companies are true and complete, and each Group Company has maintained its Books and Records in the usual, regular and ordinary manner, on a basis consistent with prior practice and in compliance with applicable Laws, and which permits its Financial Statements to be prepared in accordance with Applicable Accounting Principles. The minute books of each Group Company contain a complete summary of all meetings and actions taken by directors and shareholders or owners of such Group Company since its time of formation, and reflect all transactions referred to in such minutes accurately in all material respects.

Section 3.27 Captive Structure.

Prior to the Closing, the Control Agreements will have been duly executed and delivered by the parties thereto, and constitute valid and binding obligations of the parties thereto enforceable in accordance with their respective terms and, upon the completion of requisite government registration, adequate to establish and maintain the intended captive structure, under which the financial statements of Tianjin Daojia can be consolidated with those of the Company in accordance with generally accepted accounting principles in the United States (“**U.S. GAAP**”). None of the Warrantors has received any oral or written inquiries, notifications or any other form of official correspondence from any government authorities challenging or questioning the legality or enforceability of the Control Agreements.

Section 3.28 Anti-Bribery, Anti-Corruption, Anti-Money Laundering Laws.

(a) Neither any Group Company nor any of the officers, employees, directors and representatives thereof, nor, to the knowledge of the Warrantors, agents thereof (collectively, “**Representatives**”), has, directly or indirectly, offered, authorized, promised, condoned, participated in, consummated, or received notice of any allegation of, (i) payments, loans, any transfer of anything of value, or other inducements, rewards or benefits to any Public Official (as defined herein) in order (A) to assist any Group Company to obtain or retain business for or with, or directing business to, any Person, (B) influence any act or decision of such Public Official, (C) induce such Public Official to do or omit to do any act in violation of a lawful duty, (D) or otherwise violate any provision of the United States Foreign Corrupt Practices Act of 1977, as amended, 15 U.S.C. §§78dd-1, et seq. (the “**FCPA**”), the U.K. Bribery Act of 2010, or any other applicable anti-bribery or anti-corruption laws; (ii) bribes, payoffs, influence payments, kickbacks, unlawful rebates or other similar unlawful payments of any nature; (iii) unlawful contributions, gifts, entertainment or other unlawful expenditures; or (iv) the making of any false or fictitious entries in the books or records of any Group Company by any Person or the using of any assets of any Group Company for the establishment of any unlawful or unrecorded fund of monies or other assets, or the making of any unlawful or undisclosed payment, in each case in violation of any applicable anti-corruption, anti-money laundering, record keeping, internal control and other similar Laws.

(b) “**Public Official**” means any officer, executive, official, or employee of any non-U.S. Government, any political subdivision thereof, any governmental authority, agency, department, or instrumentality thereof; political party or member of a political party, or a political candidate thereof, excluding officials related to the United States; executive, employee or officer of a public international organization; or director, officer or employee or agent of a wholly owned or partially state-owned or controlled enterprise, including a state-owned or controlled enterprise.

(c) The Group Companies have instituted, maintain and enforce, and will continue to maintain and enforce, policies and procedures designed to detect and deter violations of all applicable anti-bribery and anti-corruption Laws.

(d) No Group Company or any of its Representatives has ever been found by a Governmental Authority to violate any criminal or securities Law or is or was subject to any indictment or any government investigation for bribery. None of the beneficial owners of any Equity Interest in any Group Company or the current or former Representatives of any Group Company is or was a Public Official.

Section 3.29 Compliance with Money Laundering Laws. The operations of the Group Companies are and have been conducted at all times in compliance in all material respects with applicable financial recordkeeping and reporting requirements, including those of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the applicable money laundering statutes of all jurisdictions where the Company or any of its subsidiaries conducts business, including the U.S. PATRIOT ACT of 2001, Her Majesty’s Treasury (HMT), the Organized and Serious Crimes Ordinance and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance of Hong Kong, and PRC anti-money laundering laws, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental or regulatory agency (collectively, the “**Anti-Money Laundering Laws**”), and no action suit or proceeding by or before any Governmental Authority or any arbitrator involving the Group Company or any of its subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the knowledge of the Warrantors, threatened. The directors, officers, administrators, board of directors (supervisory and management), members and employees of the Group Companies are in compliance with, and have not previously violated, the Anti-Money Laundering Laws.

Section 3.30 Insurance.

Each Group Company has in full force and effect fire, casualty and other insurance policies, with extended coverage, sufficient in amount (subject to reasonable deductibles) to allow it to reasonably replace any of its properties and material assets that might be damaged or destroyed and in amounts customary for companies similarly situated. The Company has delivered true, correct and complete copies of the insurance policies maintained by each Group Company as well as all material claims made thereunder in the past three years. There is no material claim pending thereunder as to which coverage has been questioned, denied or disputed. All premiums due and payable under all such policies and bonds have been timely paid, and each Group Company is otherwise in compliance in all material respects with the terms of such policies and bonds. All such policies and bonds are in full force and effect.

Section 3.31 Internal Controls.

(a) Each Group Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions by it are executed in accordance with management's general or specific authorization, (ii) transactions by it are recorded as necessary to permit preparation of financial statements in conformity with the Applicable Accounting Principles and to maintain asset accountability, (iii) access to its assets is permitted only in accordance with management's general or specific authorization, (iv) the recorded inventory of assets is compared with the actual existing tangible assets at reasonable intervals and appropriate action is taken with respect to any differences, (v) segregating duties for cash deposits, cash reconciliation, cash payment and proper approval is established, and (vi) no personal assets or bank accounts of the employees, directors and officers are mingled with the corporate assets or corporate bank account, and no Group Company uses any personal bank accounts of any employees, directors or officers thereof during the operation of the Business.

(b) The Company's principal executive officer and its principal financial officer have disclosed, based on their most recent evaluation, to the Company's auditors and the Board (i) all significant deficiencies in the design or operation of internal controls which could adversely affect the Group's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weaknesses in internal controls and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Group's internal controls.

Section 3.32 OFAC Compliance.

Neither the Company nor any other Group Company, nor any directors, executive officers, or members, nor to the knowledge of the Warrantors, any employees of the Company or any other Group Company (i) is an OFAC Sanctioned Person (as defined below) or (ii) has violated, within the last five years, any OFAC Sanctions (as defined below). Neither the Company nor any Group Company is located, organized or resident in or conducts or, within the past five (5) years, has conducted, business in, with, or involving any place that is subject to comprehensive OFAC Sanctions, currently: Cuba, Iran, Sudan, Syria and the Crimea Region of Ukraine. Within the past five years, neither the Company nor any Group Company has made any voluntary disclosures to U.S. Government authorities under U.S. economic sanctions laws or U.S. export control laws and, to the knowledge of the Warrantors, neither the Company nor any Group Company has been the subject of any governmental investigation or inquiry regarding the compliance of any of the Company or Group Companies with such laws or been assessed any fine or penalty under such laws. None of (i) the purchase and sale of the Purchased Shares, or issuance of the Conversion Shares, (ii) the execution, delivery and performance of the Transaction Documents and the Constitutional Documents, or (iii) the consummation of any transaction contemplated hereby or thereby, or the fulfillment of the terms hereof or thereof, result in a violation of any of the OFAC Sanctions (as defined below) or of the Anti-Money Laundering Laws. The Group Company will not directly or indirectly use the proceeds of the offering of the Securities hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity (i) to fund or facilitate any activities of or business with any person that, at the time of such funding or facilitation, is the subject or the target of OFAC Sanctions, (ii) to fund or facilitate any activities of or business with any OFAC Sanctioned Person, or (iii) in any other manner that will result in a violation by any person of OFAC Sanctions (including any person participating in the transaction, whether as an investor or otherwise).

For the purposes of this Section 3.32:

(a) **“OFAC Sanctions”** means any sanctions program administered by the Office of Foreign Assets Control of the United States Department of the Treasury (**“OFAC”**) under authority delegated to the Secretary of the Treasury (the **“Secretary”**) by the President of the United States or provided to the Secretary by statute, and any order or license issued by, or under authority delegated by, the President or provided to the Secretary by statute in connection with a sanctions program thus administered by OFAC. For ease of reference, and not by way of limitation, OFAC Sanctions programs are described on OFAC’s website at [www.treas.gov/ofac](http://www.treas.gov/ofac).

(b) **“OFAC Sanctioned Person”** means any government, country, corporation or other entity, group or individual with whom or which the OFAC Sanctions prohibit a United States Person from engaging in transactions, and includes without limitation any individual or corporation or other entity that appears on the current OFAC list of Specially Designated Nationals and Blocked Persons (the **“SDN List”**). For ease of reference, and not by way of limitation, OFAC Sanctioned Persons other than government and countries can be found on the SDN List on OFAC’s website at [www.treas.gov/offices/enforcement/ofac/sdn](http://www.treas.gov/offices/enforcement/ofac/sdn).

(c) **“United States Person”** means any United States citizen, permanent resident alien, entity organized under the Laws of the United States (including foreign branches), or any Person (individual or entity) in the United States, and, with respect to the Cuban Assets Control Regulations, also includes any corporation or other entity that is owned or controlled by one of the foregoing, without regard to where it is organized or doing business.

Section 3.33 Spinoff.

Except as set forth in Section 3.33 of the Disclosure Schedule, the implementation of the Spinoff is in compliance with all applicable Laws and regulations, including, without limitation, the PRC Laws, regulations, policies and rules regarding the administration of the state-owned assets, foreign exchange control, foreign investment in the PRC, the acquisition of domestic enterprises by foreign investors, outbound investment and tax compliance, and each of the parties related to the Spinoff has obtained (or will obtain prior to Closing) and is and will be in compliance with all Approvals from and filings with the competent Governmental Authorities or third parties as required by either the applicable Laws or any contractual obligation. Immediately following the implementation of the Spinoff, the Group will have all of the assets, tangible and intangible, of any nature whatsoever, necessary to operate the Business in the manner presently operated by the Group.

Section 3.34 Disclosure.

The Company has provided each New Investor with all the information regarding the Group Companies requested by any such New Investor for deciding whether to purchase the Purchased Shares. No representation or warranty of the Warrantors contained in this Agreement or any certificate furnished or to be furnished to any such New Investor at the Closing under this Agreement, when taken as a whole, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading in light of the circumstances under which they were made. Except as set forth in this Agreement or the Disclosure Schedule, to the knowledge of the Warrantors, there is no fact that the Company has not disclosed to the New Investors and of which any of its officers, directors or executive employees has knowledge and that has had or would reasonably be expected to have an adverse effect upon the financial condition, operating results, assets or business prospects of any Group Company.

## ARTICLE IV

### **REPRESENTATIONS AND WARRANTIES OF THE MANAGEMENT SHAREHOLDERS**

Each of the Management Shareholders hereby, severally and not jointly, represents and warrants to each Investor as set forth in Sections 4.01 through 4.04. In addition, each of Chen Xiaohua and Bai Ou hereby, severally and not jointly, represents and warrants to each Investor as set forth in Sections 4.05 through Section 4.11:

Section 4.01     Title to Shares.

The Management Shareholder is the sole registered holder of the shares of the Company as set forth opposite the name of such Management Shareholder in Part I of Schedule C attached hereto, free and clear of any Encumbrance. Immediately following the Closing, the Management Shareholder will be the sole registered holder of the shares of the Company as set forth opposite the name of such Management Shareholder in Part II of Schedule C attached hereto, free and clear of any Encumbrance, except such Encumbrance imposed under the Shareholders Agreement and the Restated Articles.

Section 4.02     Due Authorization.

The Management Shareholder has all requisite power, authority and legal capacity to execute and deliver this Agreement and each other Transaction Document to which he is a party and to carry out and perform his obligations thereunder. All action on the part of the Management Shareholder necessary for (i) the authorization, execution and delivery of, and the performance of the Management Shareholder's obligations under the Transaction Documents to which he is a party, and (ii) the authorization of the transactions contemplated by the Transaction Documents has been taken or will be taken prior to the Closing. Each of the Transaction Documents to which the Management Shareholder is a party is or will, upon its execution be a valid and binding obligation of the Management Shareholder, enforceable against the Management Shareholder in accordance with its terms, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar Laws of general application affecting creditors' rights generally and to general equitable remedies.

Section 4.03     No Approvals and No Conflict.

(a)     Such Management Shareholder is not required to obtain any Approval in connection with the execution, delivery and performance by such Management Shareholder of this Agreement or the consummation by such Management Shareholder of the transactions contemplated hereby, other than such Approvals as have been obtained or are otherwise provided in this Agreement.

(b)     The execution, delivery and performance by each Management Shareholder of this Agreement, and the consummation of the transactions contemplated hereby, do not and will not result in any violation, breach or default, or be in conflict with or constitute, with or without the passage of time or the giving of notice or both, a default under (i) the Constitutional Documents of such Management Shareholder, (ii) any Contract to which such Management Shareholder is a party or by which it or its properties or assets is bound or (iii) any applicable Law or order to which such Management Shareholder or any of its properties or assets is subject.

Section 4.04 Capitalization.

(a) Shares. As of the date hereof, the Company is authorized to issue a maximum of 200,000,000 Ordinary Shares, of which 90,980,000 Ordinary Shares are issued and outstanding. The Company will be authorized to issue, immediately following registration of the Restated Articles at the BVI Registrar of Corporate Affairs prior to the Closing, (i) 200,000,000 Class A Ordinary Shares, of which 83,100,000 will be issued and outstanding, (ii) 200,000,000 Class B Ordinary Shares, of which 1,880,000 will be issued and outstanding, (iii) 200,000,000 Class C Ordinary Shares, of which 6,000,000 will be issued and outstanding, and (iv) 40,800,000 Series A Preferred Shares, none of which will be issued and outstanding. The rights, privileges and preferences of the Class A Ordinary Shares, Class B Ordinary Shares, Class C Ordinary Shares and Series A Preferred Shares are set out in the Shareholders Agreement (as defined below) and/or the Restated Articles.

(b) Options. Except for up to 20,000,000 Ordinary Shares (and options and warrants therefor) and 11,020,000 Class A Ordinary Shares (and options and warrants therefor) reserved as of the date hereof and immediately following the Closing, respectively, for issuance to directors, employees and advisors of the Group Companies pursuant to the Company's 2015 Plan, and as contemplated hereby and by the other Transaction Documents and/or the Restated Articles, there are no options, restricted stock, restricted stock units, stock appreciation rights, phantom stock, profits interests, warrants, conversion privileges, agreements or rights of any kind (except for the Investor Rights Agreement, dated as of June 30, 2014, by and between 58.com, Ohio River Investment Limited and other parties thereto) with respect to the issuance or purchase of, or valued by reference to, in whole or in part, the Equity Securities of the Company or any other Group Company. Apart from the Shareholders Agreement, no Group Company is a party to any contract that would subject any of its Equity Securities (including the Purchased Shares and other Preferred Shares in the case of the Company), or shares issuable upon exercise or exchange of any outstanding options or other shares issuable by such Group Company, to any preemptive rights, rights of first refusal or other rights of any kind to purchase such shares (whether in favor of such Group Company or any other Person). No Group Company is a party or subject to any agreement that affects or relates to the voting or giving of written consents with respect to, or the right to cause the registration, redemption, or repurchase of, any of its outstanding Equity Securities.

(c) Issuance and Status. All presently outstanding Equity Securities of each Group Company were duly and validly issued (or subscribed for) in compliance with all applicable Laws, preemptive rights of any Person, and applicable contracts and are fully paid and non-assessable. All share capital of each Group Company is and as of the Closing shall be free of any and all Encumbrances (except as provided under the Transaction Documents and pursuant to applicable Laws). There are no (i) resolutions pending to change the share capital of any Group Company or cause the liquidation, winding up, or dissolution of any Group Company or (ii) dividends which have accrued or been declared but are unpaid by any Group Company.

(d) Vesting. No contract of any Group Company relating to its Equity Securities provides for acceleration of vesting (or lapse of a repurchase right) or other changes in the vesting provisions or other terms of such agreement or understanding upon the occurrence of any event or combination of events. No Group Company has ever adjusted or amended the exercise price of any share options previously awarded, whether through amendment, cancellation, replacement grant, repricing, or any other means.

Immediately upon the Closing, the Company's ownership structure shall be as set forth in Part II of Schedule C attached hereto.

Section 4.05 Financial Statements.

(a) The Company has delivered to the Investors true, correct and complete copies of (i) the Audited Financial Statements and (ii) the Unaudited Financial Statements. The Financial Statements (A) are complete and correct in all material respects, (B) have been prepared in accordance with the Books and Records of Tianjin Daojia or the Group, as applicable and (C) were prepared in accordance with the Applicable Accounting Principles applied on a consistent basis throughout the periods involved. Except for such line items as set forth in Part II of the Spinoff Plan, the Audited Financial Statements fairly present in all material respects the financial condition and position of Tianjin Daojia as of the date indicated therein and the results of operations and cash flows of Tianjin Daojia for the period indicated therein. Except for such line items as set forth in Part II of the Spinoff Plan, the Unaudited Financial Statements fairly present in all material respects the financial condition and position of the Group as of the dates indicated therein and the results of operations and cash flows of the Group for the periods indicated therein. All of the accounts receivable owing to any of the Group Companies, including without limitation all accounts receivable set forth on the Financial Statements, constitute valid and enforceable claims and are good and collectible in the ordinary course of business, net of any reserves shown on the Financial Statements (which reserves are adequate and were calculated on a basis consistent with the Applicable Accounting Principles), and no further goods or services are required to be provided in order to complete the sales and to entitle the applicable Group Company to collect in full. There are no material contingent or asserted claims, refusals to pay, or other rights of set-off with respect to any accounts receivable of the Group Companies to the knowledge of the Chen Xiaohua and Bai Ou.

(b) The financial projections and business plan provided by the Company to the Investors (including the Business Plan) were reasonably prepared on a basis reflecting management's best estimates, assumptions and judgments, at the time provided to the Investors, as to the future financial performance of the Group.

Section 4.06 Changes.

Since the Statement Date, except as expressly contemplated by this Agreement, the Control Agreements and the Spinoff Plan, the Group has operated its business in the ordinary course consistent with its past practice, there has not been any Material Adverse Effect or any material change in the way the Group conducts its business, no Group Company has entered into any transaction outside of the ordinary course of business consistent with its past practice, and there has not been by or with respect to any Group Company:

(a) any purchase, acquisition, sale, lease, disposal of or other transfer of any assets that are individually or in the aggregate material to its business, whether tangible or intangible, other than the purchase or sale of inventory in the ordinary course of business consistent with its past practice, or any acquisition (by merger, consolidation or other combination, or acquisition of stock or assets, or otherwise) of any business or other Person or division thereof;

(b) any waiver, termination, settlement or compromise of a valuable right or of a material debt;

(c) any incurrence, creation, assumption, repayment, satisfaction, or discharge of (1) any material Encumbrance or (2) any indebtedness or guarantee in excess of RMB1 million, or the making of any loan or advance (other than reasonable and normal advances to employees for bona fide expenses that are incurred in the ordinary course of business consistent with its past practice), or the making of any investment or capital contribution in excess of RMB1 million;

(d) except in the ordinary course of business consistent with its past practice, any amendment to any Group Company Contract, any entering into of any new Group Company Contract, or any termination of any contract that would have been a Group Company Contract if in effect on the date hereof, or any amendment to any Charter Document, or any amendment to or waiver under any Charter Document, in each case except for as expressly provided for or disclosed in this Agreement;

(e) any declaration, setting aside or payment or other distribution in respect of any Equity Securities, or any direct or indirect redemption, purchase or other acquisition of any Equity Securities;

(f) any damage, destruction or loss, whether or not covered by insurance, materially and adversely affecting the assets, properties, financial condition, operations or business (as presently conducted) of any Group Company;

(g) any material change in accounting methods or practices or any revaluation of any of its assets;

(h) entry into any closing agreement in respect of material Taxes, settlement of any claim or assessment in respect of any material Taxes, or consent to any extension or waiver of the limitation period applicable to any claim or assessment in respect of any material Taxes, entry or change of any material Tax election, change of any method of accounting resulting in a material amount of additional Tax or filing of any material amended Tax Return;

(i) any commencement or settlement of any material Action; or

(j) any agreement or commitment to do any of the things described in this Section 4.06.

Section 4.07 Compliance with Laws.

(a) Other than as described in Section 3.16 of the Disclosure Schedule, each Group Company (including with respect to the ownership thereof, the operation of its business and the ownership and use of its assets) is and has been in compliance with all applicable Laws in all material respects.

(b) The business of each Group Company as now conducted and proposed to be conducted (including any business proposed to be conducted by entities that are not currently existing as of the Closing) are in compliance with all Laws and regulations that may be applicable, including without limitation all Laws of the PRC with respect to mergers, acquisitions, foreign investment and foreign exchange transactions in all material respects.

(c) No event has occurred and no circumstance exists that (with or without notice or lapse of time) (i) may constitute or result in a material violation by any Group Company of, or a failure on the part of such Group Company to comply in all material respects with, any applicable Law or (ii) may give rise to any material obligation on the part of a Group Company to undertake, or to bear all or any portion of the cost of, any material remedial action of any nature.

(d) No Group Company has received any notice from any Governmental Authority regarding (i) any actual, alleged, possible or potential material violation of, or material failure to comply with, any applicable Law or (ii) any actual, alleged, possible or potential material obligation on the part of such Group Company to undertake, or to bear all or any portion of the cost of, any material remedial action of any nature. To the knowledge of Chen Xiaohua and Bai Ou, the Company is not under investigation with respect to a violation of any applicable Law.

(e) Neither any Group Company nor any of the officers, employees, directors and representatives thereof, nor, to the knowledge of Chen Xiaohua and Bai Ou, agents thereof, has, directly or indirectly, offered, authorized, promised, condoned, participated in, consummated, or received notice of any allegation of, (i) payments, loans, any transfer of anything of value, or other inducements, rewards or benefits to any Public Official in order (A) to assist any Group Company to obtain or retain business for or with, or directing business to, any Person, (B) influence any act or decision of such Public Official, (C) induce such Public Official to do or omit to do any act in violation of a lawful duty, (D) or otherwise violate any provision of the United States Foreign Corrupt Practices Act of 1977, as amended, 15 U.S.C. §§78dd-1, et seq., the U.K. Bribery Act of 2010, or any other applicable anti-bribery or anti-corruption laws; (ii) bribes, payoffs, influence payments, kickbacks, unlawful rebates or other similar unlawful payments of any nature; (iii) unlawful contributions, gifts, entertainment or other unlawful expenditures; or (iv) the making of any false or fictitious entries in the books or records of any Group Company by any Person or the using of any assets of any Group Company for the establishment of any unlawful or unrecorded fund of monies or other assets, or the making of any unlawful or undisclosed payment, in each case in violation of any applicable anti-corruption, anti-money laundering, record keeping, internal control and other similar Laws.

(f) The Group Companies have instituted, maintain and enforce, and will continue to maintain and enforce, policies and procedures designed to detect and deter violations of all applicable anti-bribery and anti-corruption Laws.

(g) Neither any Group Company nor any of the officers, employees, directors and representatives thereof, nor, to the knowledge of Chen Xiaohua and Bai Ou, agents thereof, has ever been found by a Governmental Authority to violate any criminal or securities Law or is or was subject to any indictment or any government investigation for bribery. None of the beneficial owners of any Equity Interest in any Group Company or the current or former Representatives of any Group Company is or was a Public Official.

(h) The operations of the Group Companies are and have been conducted at all times in compliance in all material respects with Anti-Money Laundering Laws, and no action suit or proceeding by or before any Governmental Authority or any arbitrator involving the Group Company or any of its subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the knowledge of the Management Shareholders, threatened. No directors, officers, administrators, board of directors (supervisory and management), members and employees of the Group Companies are in violation of, or have previously violated, the Anti-Money Laundering Laws.

Section 4.08 Operating Metrics.

The results of operation of Tianjin Daojia, as measured by the operating metrics set forth in Section 4.08 of the Disclosure Schedule, that have been provided in writing to the New Investors prior to the date hereof, are in all material respects true, accurate and not misleading.

Section 4.09 Certain Regulatory Matters.

(a) The Management Shareholder has obtained any and all Approvals from applicable Governmental Authorities and has fulfilled any and all filing and registration requirements with applicable Governmental Authorities necessary in respect of the Management Shareholder and his investment in the Group Companies. All filings and registrations with applicable Governmental Authorities required in respect of the Management Shareholder, including but not limited to the registrations with the Ministry of Commerce (or any predecessors), the Ministry of Information Industry, the State Administration of Industry and Commerce, SAFE, tax bureaus, customs authorities, product registration authorities, health regulatory authorities and the local counterpart of each of such Governmental Authorities, as applicable, have been duly completed in accordance with applicable Law. The Management Shareholder has not received any letter or notice from any applicable Governmental Authorities notifying him of the revocation of any Approval issued to him or the need for compliance or remedial actions in respect of the activities carried out directly or indirectly by the Management Shareholder. The Management Shareholder has no reason to believe that any Approval requisite for the conduct of any part of his business which is subject to periodic renewal will not be granted or renewed by the relevant Governmental Authorities.

(b) The Management Shareholder, to the extent he is a “Domestic Resident” as defined in Circular 37, has complied with any applicable SAFE Rules and Regulations. The Management Shareholder has not received any oral or written inquiries, notifications, orders or any other forms of official correspondence from SAFE or any of its local branches with respect to any actual or alleged non-compliance with the SAFE Rules and Regulations and the Management Shareholder has made all oral or written filings, registrations, reporting or any other communications required by SAFE or any of its local branches.

Section 4.10 Financial Advisor Fees.

There exists no agreement or understanding between the Management Shareholder and any investment bank, broker or other financial advisor under which the Management Shareholder may owe any brokerage, placement or other fees relating to the offer or sale of the Purchased Shares.

Section 4.11 Disclosure.

No representation or warranty of such Management Shareholder contained in this Agreement, when taken as a whole, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein not misleading in light of the circumstances under which they were made. Except as set forth in this Agreement or the Disclosure Schedule, to the knowledge of such Management Shareholder, there is no fact that such Management Shareholder has not disclosed to the New Investors and of which such Management Shareholder has knowledge and that has had or would reasonably be expected to have an adverse effect upon the financial condition, operating results, assets or business prospects of any Group Company.

**ARTICLE V**

**REPRESENTATIONS AND WARRANTIES OF THE INVESTORS**

Each Investor hereby, severally and not jointly, represents and warrants to the Company as follows:

Section 5.01 Due Organization.

Such Investor is duly incorporated or organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under the Laws of the jurisdiction of its incorporation or organization.

Section 5.02 Authorization.

Such Investor has all requisite power, authority and capacity to enter into, and to perform its obligations under, this Agreement and the other Transaction Documents to which it is a party. This Agreement has been duly authorized, executed and delivered by such Investor. This Agreement and the other Transaction Documents to which it is a party, when executed and delivered by such Investor, will constitute valid and legally binding obligations of such Investor, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar Laws of general application affecting creditors' rights generally and to general equitable remedies.

Section 5.03 No Conflicts.

The execution, delivery and performance by such Investor of this Agreement, and the consummation of the transactions contemplated hereby, do not and will not conflict with or result in a violation or breach of or default under (with or without the giving of notice or the lapse of time or both) (a) the Constitutional Documents of such Investor, (b) any Law or order to which such Investor or any of its properties or assets is subject, or (c) any contract, agreement or other instrument applicable to such Investor or any of its properties or assets

Section 5.04 No Approvals.

Such Investor is not required to obtain any Approval in connection with the execution, delivery and performance by such Investor of this Agreement or the consummation by such Investor of the transactions contemplated hereby, other than such Approvals as have been obtained or are otherwise provided in this Agreement.

Section 5.05 Purchase for Own Account.

The Purchased Shares and the Conversion Shares will be acquired for such Investor's own account or the account of one or more of such Investor's Affiliates, not as a nominee or agent, and not with a view to or in connection with the sale or distribution of any part thereof. Such Investor does not presently have any contract, undertaking, agreement or arrangement with any Person to sell, transfer or grant participations to any Person with respect to the Shares.

Section 5.06 Restricted Securities.

Such Investor understands that the Purchased Shares are "restricted securities" under applicable U.S. federal securities Laws (and may be viewed as restricted securities under the Laws of any other jurisdiction) and that, pursuant to these Laws, such Investor must hold the Purchased Shares indefinitely unless they are registered with the Securities and Exchange Commission and qualified by state authorities, or an exemption from such registration and qualification requirements is available.

Section 5.07 Legends.

Such Investor understands that the certificates evidencing the Purchased Shares issued pursuant to this Agreement may bear the following legend, in addition to any legend that may be required under the Transaction Documents:

"THE SALE, PLEDGE, HYPOTHECATION OR TRANSFER OF SHARES REPRESENTED HEREBY IS SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER SET FORTH IN A SHAREHOLDERS AGREEMENT, A COPY OF WHICH MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE COMPANY. THE SHARES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). NO SUCH TRANSFER MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE ACT."

Section 5.08 Status of Investor.

Such Investor is either (i) an "accredited investor" within the meaning of the U.S. Securities and Exchange Commission Rule 501(a) of Regulation D, as presently in effect, under the Act, or (ii) not a "U.S. person" as defined in Rule 902 of Regulation S of the Act.

**ARTICLE VI**

**COVENANTS**

Each of the Warrantors (and where applicable, each of the Management Shareholders), jointly and severally, covenants to each Investor as follows:

Section 6.01 Use of Proceeds.

The Company shall use the proceeds from the issuance of the Series A Preferred Shares for the operations of the Group Companies and shall only spend such proceeds in accordance with the budget set forth in the Business Plan (as defined below) or in any business plan or budget approved by the Board in accordance with Section 7.1 of the Shareholders Agreement after the Closing.

Section 6.02 Executory Period Covenants.

Between the date of this Agreement and the Closing, unless the Investors consent in writing otherwise:

(a) Pre-Closing Actions. As promptly as practicable, each Warrantor shall: (i) use best efforts to take all actions required of such party and to do all other things reasonably necessary, proper or advisable to consummate the transactions contemplated under the Transaction Documents; (ii) file or supply, or cause to be filed or supplied, all applications, notifications and information required to be filed or supplied by such Warrantor pursuant to Law in connection with the Transaction Documents and the issuance of the Purchased Shares pursuant hereto and the consummation of the other transactions contemplated under the Transaction Documents; (iii) use reasonable best efforts to obtain, or cause to be obtained, all consents (including any consents required under any contract) necessary to be obtained by such party in order to consummate the transactions contemplated pursuant to the Transaction Documents; and (iv) coordinate and cooperate with the other parties hereto in exchanging such information and supplying such assistance as may be reasonably requested by the other parties hereto in connection with any filings and other actions to be made or taken in order to consummate the transactions contemplated pursuant to the Transaction Documents.

(b) Non-Violation. Pending the Closing, none of the Warrantors, without the prior written consent of the Investors, shall take any action which (i) would render any of the representations or warranties made by the Warrantors in this Agreement untrue in any material respect if given with reference to the facts and circumstances then existing or (ii) would result in any of the covenants contained in this Agreement becoming incapable of performance. Each Warrantor shall promptly advise the Investors of any action or event of which such Warrantor becomes aware which would have the effect of making incorrect in any material respect any such representations or warranties if given with reference to facts and circumstances then existing or which has the effect of rendering any such covenants incapable of performance.

(c) Conduct of Business. Except as otherwise permitted by this Agreement or the Spinoff Plan or with the written consent of the Investors, from the date hereof to the date of the Closing, the Warrantors shall: (i) carry on the Group's business in the ordinary course consistent with past practice and in substantially the same manner as conducted prior to the date hereof and use best efforts to preserve its relationships with customers, suppliers and others having business dealings with the Group; and (ii) not do any act or thing which would require the approval of the "Requisite Holders" or the "Requisite Directors" (as such terms are defined in the Shareholders Agreement) under the Shareholders Agreement had the transactions contemplated hereunder been consummated.

(d) Negative Covenants. Except as otherwise expressly permitted by this Agreement or the Spinoff Plan, no Group Company shall:

- (i) waive, release or assign any material right or claim;

- (ii) take any action that would reasonably be expected to materially impair the value of the Group taken as a whole;
- (iii) sell, purchase, assign, lease, transfer, pledge, encumber or otherwise dispose of any material asset;
- (iv) issue, sell, or grant any Equity Security except pursuant to the 2015 Plan;
- (v) declare, issue, make, or pay any dividend or other distribution with respect to any Equity Security;
- (vi) incur any indebtedness for borrowed money or capital lease commitments or assume or guarantee any indebtedness of any Person other than in the ordinary course of business of such Group Company for working capital purposes, not exceeding US\$5 million in the aggregate, bearing an annualized interest rate of 5% per annum or less and with a term not exceeding six months;
- (vii) make any material change in any method of accounting or accounting practice used by such Group Company, other than any such changes required by Applicable Accounting Principles;
- (viii) enter into any contract or other transaction with an Affiliate;
- (ix) make, change or revoke any material Tax election;
- (x) enter into, request or obtain any "closing agreement" with any taxing authority in respect of Taxes;
- (xi) file any amended Tax Return;
- (xii) incur any liability for Taxes other than in the ordinary course of business;
- (xiii) consent to any extension or waiver of the limitations period applicable to any Tax claim or assessment;
- (xiv) increase the level of compensation or benefits (including, without limitation, contingent separation benefits) of any officer, director or Key Employee of the Group Companies;
- (xv) increase the aggregate monthly compensation of all of the Group Companies' employees (other than any officer, director or Key Employee as of August 31, 2015) by more than 5% as compared with the aggregate amount of compensation to such employees paid by the Group for the month of August 2015;
- (xvi) amend, modify or terminate any Benefit Plan or labor, works council or collective bargaining agreement, or enter into any labor, works council or collective bargaining agreement or any other arrangement that would constitute a Benefit Plan if in effect on the date hereof;

- (xvii) engage, promote, terminate or demote any officer, director or employee of the Group Companies or engage or terminate any individual independent contractor of the Group Companies other than in the case of employees and individual independent contractors in the ordinary course of business of the Group consistent with past practice; or
- (xviii) authorize or commit to do any of the foregoing.

(e) Access and Information. From the date hereof until the Closing, the Warrantors shall permit each New Investor, or any representative thereof, at its own expense, to (i) visit and inspect the properties of the Group Companies, (ii) inspect the contracts, Books and Records, and other documents and data of the Group Companies, (iii) discuss the business, affairs, finances and accounts of the Group Companies with officers and employees of the Group Companies, and (iv) review such other information as such New Investor reasonably requests, in each case during normal business hours and in such a manner so as not to unreasonably interfere with the normal operations of the Group Companies. No information or knowledge obtained pursuant to this Section or otherwise by a New Investor in connection with its due diligence will affect or be deemed to modify any representation or warranty contained herein or the conditions to the obligations of the Parties to consummate the transactions.

(f) Financial Statements. Each Group Company shall furnish to the New Investors as soon as practicable after the end of each month between the date hereof and the Closing, and in any event within 30 days after each such month, the unaudited financial statements of such Group Company for the month then ended, which shall present fairly, in all material respects, the unaudited financial position of such entity as of the end of such month and the consolidated results of such entity's operations and cash flows for the month then ended, in conformity with Applicable Accounting Principles consistently applied with the Financial Statements, except for noncompliance with the footnote disclosure requirements under Applicable Accounting Principles and for year-end adjustments, and subject to such other exceptions as may be indicated in the notes thereto.

(g) Trademarks. Each of the Warrantors shall take, and shall cause Beijing 58 Information Technology Co., Ltd. (北京五八信息技术有限公司), in its capacity as the applicant in the trademark applications, to take any and all actions and to exhaust all appeal methods that are necessary or advisable to maintain and continue the application process that is currently under way with respect to the trademarks that are necessary for the conduct of the Businesses of the Group Companies.

Section 6.03 Compliance with Applicable Law.

(a) The Group Companies shall, and shall cause each of the subsidiaries established or acquired by any Group Company after the date hereof to, conduct their respective businesses in compliance with all applicable Laws (including all Laws in the PRC) in all material respects, and promptly apply for, obtain and maintain all Approvals. In the event an Investor identifies any potential non-compliance with any applicable Laws, the Group Companies agree that upon the request of such Investor, the Company shall discuss with such Investor to identify and evaluate mutually acceptable solutions.

(b) The Company (and/or any other Group Company and/or Management Shareholders, as the case may be) shall, as promptly as practicable after the Closing, to the satisfaction of the Investors, take all requisite action to apply for and complete any necessary filing under the SAFE Rules and Regulations.

Section 6.04 Spinoff and Strategic Cooperation Agreement.

(a) Each of the Warrantors and Management Shareholders shall (i) procure that (A) each party to the Spinoff Plan shall fulfill all of its obligations under Part II, subsections 1A, 2.2A, 3.2.1A, 3.2.2A, 4.1A, 4.2A, 4.3A and 5A of the Spinoff Plan prior to Closing and (B) each party to the Business Cooperation Agreement (as defined below) shall fulfill all of its obligations under the Business Cooperation Agreement, (ii) use best efforts to procure that the Spinoff Plan shall be fully implemented no later than December 31, 2015 subject to the availability of such Approvals as set forth in the Spinoff Plan, (iii) procure that the Spinoff Plan shall be implemented in compliance with all applicable Laws and regulations, including, without limitation, the PRC Laws, regulations, policies and rules regarding the administration of state-owned assets, foreign exchange control, foreign investment in the PRC, the acquisition of domestic enterprises by foreign investors, outbound investment and tax compliance (iv) procure that each party to the Spinoff Plan shall obtain and shall be in compliance with all Approvals from and filings with the competent Governmental Authorities or third parties as required by either applicable Laws or any contractual obligation in connection with the implementation of the Spinoff Plan and (v) procure that the Spinoff Plan shall be implemented without material cost to the Group Companies.

(b) Each of the Management Shareholders, jointly and severally, covenants to each Investor that (i) the Strategic Cooperation Agreement (as defined in Section 7.11) shall be implemented in compliance with all applicable Laws and regulations, including, without limitation, the PRC Laws, regulations, policies and rules regarding the administration of the state-owned assets, foreign exchange control, foreign investment in the PRC, the acquisition of domestic enterprises by foreign investors, outbound investment and tax compliance and (ii) each party to the Strategic Cooperation Agreement shall obtain, prior to execution of the Strategic Cooperation Agreement, and shall be in compliance with, all Approvals from and filings with the competent Governmental Authorities or third parties as required by either applicable Laws or any contractual obligation in connection with the execution, delivery and performance of the Strategic Cooperation Agreement.

(c) Yao Jinbo covenants to each Investor that he will use reasonable best efforts to procure the Company and other applicable Group Companies to perform and be in compliance with all agreements, obligations and conditions contained in the Business Cooperation Agreement and the Control Agreements.

Section 6.05 Consultation with New Investors.

From the date hereof until the date of completion of the Spinoff, the Group Companies, Chen Xiaohua and Bai Ou shall timely inform the New Investors of and discuss with the New Investors on a regular and ongoing basis (a) any material developments or decisions with respect to the management of the business and assets of the Group Companies, including, without limitation, any significant new agreements or transactions proposed to be entered into or persons proposed to be employed or terminated in executive management positions, and any other significant developments relating to the business or assets of the Group Companies and (b) the status of the Group Companies' and the Management Shareholders' progress in fulfilling the closing conditions set forth in Article VII, including without limitation with respect to (x) obtaining all requisite approvals, consents and similar actions from Governmental Authorities in connection with the Spinoff (whether prior to or subsequent to the Closing) and (y) consents and/or waivers of third parties.

Section 6.06 Implementation of Best Practices.

Unless the Investors consent in writing otherwise, Tianjin Daojia shall, and each of the Warrantors shall cause Tianjin Daojia to:

(a) implement as soon as practicable, and in no event later than March 31, 2016, a plan with respect to the labor dispatch arrangement of employees of Tianjin Daojia such that the labor dispatch arrangement is in compliance with applicable PRC labor Laws and regulations in all material respects;

(b) conduct its businesses in a manner that is in compliance in all material respects with applicable PRC Laws implemented by the Administration for Industry and Commerce, including by applying for, obtaining and maintaining business licenses where necessary to carry on the Business;

(c) as soon as practicable, enter into appropriate agreements with service providers so that the contractual arrangement between such service providers and Tianjin Daojia shall be valid under applicable PRC Laws and exercise best efforts to prevent such arrangement being identified as a labor relationship, including but not limited to:

(i) avoiding using terms such as "employee", "commencement/termination of employment", "salary", "base salary", "social insurance" and similar terms in the agreements that may imply, indicate, give rise or be interpreted to identify a labor relationship;

(ii) specifying in the agreements that (w) the service providers are individuals or organizations entirely independent from Tianjin Daojia, (x) they shall not be deemed as the employees or agents of Tianjin Daojia either from a legal or factual respect, (y) they shall be liable for all the Taxes in connection with their service income and (z) Tianjin Daojia shall not be held jointly liable for any damages or losses caused by the service providers to the customers; and

(iii) properly disclaiming Tianjin Daojia's liability for any service provider's service or actions and drawing the customers' attention to such disclaimer clause in a clear and prominent manner.

(d) adopt by the Closing an anti-corruption and anti-bribery company-wide policy in substantially the form and substance as set forth in Exhibit L hereto.

(e) refrain from conducting any nominal registration of any vehicle owned by a service provider in the "inside city transportation" business line under the name of Tianjin Daojia or any of its branches or subsidiaries, except and only to the extent (i) it is necessary for Tianjin Daojia's or its branches' or subsidiaries' application for Road Transportation Operation License (道路运输经营许可证) and (ii) the nominal registration of vehicles under each of the name of Tianjin Daojia or any of its branches or subsidiaries shall be no more than 10 vehicles at any time.

Section 6.07 ICP License.

The Group Companies and the Management Shareholders shall procure that Tianjin Daojia obtains by December 31, 2015 the Internet Content Provider License (电信与信息服务业务经营许可证) and Value-added Telecommunications Service Business Operating Permit (增值电信业务经营许可证) issued by the Ministry of Industry and Information Technology of the PRC or its competent local office which is necessary for the conduct of the Business.

Section 6.08 Appointment of Directors.

The Company shall duly appoint the director nominated by Taobao China Holding Limited (“**Alibaba**”) upon the Closing. At the election of the Majority Series A Investor (as defined in the Shareholders Agreement) pursuant to Section 1.2(f) of the Shareholders Agreement, the Group Companies shall provide director appointment letters to the Investors showing that the board of directors of each of Tianjin Daojia, the WFOE and Daojia HK has been re-constituted in accordance with the Shareholders Agreement.

Section 6.09 Nominee Shareholders of Tianjin Daojia.

Each of the Warrantors and Management Shareholders agrees that upon request by Alibaba, it shall cause Tianjin Daojia to issue new equity interest to such entity designated by Alibaba (the “**Alibaba Nominee Shareholder**”) so that the Alibaba Nominee Shareholder will hold the same percentage of equity interest in Tianjin Daojia as Alibaba holds in the Company immediately following the Closing; provided that (i) the Warrantors and Management Shareholders shall use their best efforts to procure that any such new equity issuance to the Alibaba Nominee Shareholder shall be implemented without material cost to Alibaba or the Alibaba Nominee Shareholder and (ii) Alibaba shall procure the Alibaba Nominee Shareholder to enter into and comply with the amended Control Agreements. The Group Companies shall provide (a) an updated company register with company stamp and the stamp of the relevant Administration for Industry and Commerce reflecting the Alibaba Nominee Shareholder as an additional shareholder, (b) the amended Control Agreements that reflect the change to the shareholding of Tianjin Daojia and (c) the certification documents from the relevant Administration for Industry and Commerce reflecting that the share pledges in connection with the amended Control Agreements that reflect the change of the shareholding of Tianjin Daojia have been duly registered promptly following such equity transfer and in any event no later than thirty (30) business days thereafter.

## ARTICLE VII

### CONDITIONS TO THE INVESTORS’ OBLIGATIONS AT CLOSING

The obligation of each Investor (or New Investor, as applicable) to purchase the Purchased Shares at the Closing is subject to the fulfillment, in a form satisfactory to such Investor (or waiver thereof by such Investor (or New Investor, as applicable)) on or prior to the Closing, of the following conditions:

Section 7.01 Representations and Warranties True and Correct.

Each of the representations and warranties made by the Warrantors in Article III hereof and the representations and warranties made by the applicable Management Shareholders in Article IV hereof shall be true, correct and complete as of the date hereof and as of the Closing with the same force and effect as if they had been made on and as of such date (except to the extent that any such representations and warranties shall have been expressly made as of an earlier date, in which case such representations and warranties shall have been true, correct and complete only as of such earlier date).

Section 7.02 Performance of Obligations.

Each Group Company and Management Shareholder shall have performed and complied in all material respects with all agreements, obligations and conditions contained in this Agreement and the other Transaction Documents that are required to be performed or complied with by it on or before the Closing.

Section 7.03 Proceedings and Documents.

All corporate and other proceedings in connection with the transactions contemplated hereby and all documents and instruments incidental to such transactions shall be satisfactory in substance and form to the New Investors, and the New Investors shall have received all such counterpart originals or certified or other copies of such documents as they may reasonably request.

Section 7.04 Approvals and Waivers.

Any and all approvals, consents and waivers necessary for consummation of the transactions that shall be completed at or prior to the Closing as contemplated by this Agreement and the other Transaction Documents, including, but not limited to, (i) all Approvals of any Governmental Authority, and (ii) the waiver by the existing shareholders of the Company of any anti-dilution rights, rights of first refusal, preemptive rights and all similar rights in connection with the issuance of the Purchased Shares at the Closing shall have been duly obtained and effective as of the Closing.

Section 7.05 Amendment to Constitutional Documents.

The Restated Articles shall have been duly adopted by the Company by all necessary corporate action of its Board and its shareholders and, shall have been duly registered with the British Virgin Islands Registry of Corporate Affairs and shall be in full force and effect.

Section 7.06 Appointment of Directors.

The Company's Restated Articles shall provide that the Board shall consist of individuals elected or appointed in accordance with the Shareholders Agreement and the Restated Articles.

Section 7.07 Execution of Shareholders Agreement.

The Company shall have delivered to the Investors the Shareholders Agreement, duly executed by the Company, all other applicable Group Companies and all other parties thereto (except for the Investors).

Section 7.08 Indemnification Agreements.

The Company shall have entered into an indemnification agreement with each of the directors appointed or to be appointed by the Investors in the form attached as Exhibit D hereto.

Section 7.09 Spinoff Plan: Compliance.

The necessary parties to the Spinoff Plan shall have completed all the items in Part II, subsections 1A, 2.2A, 3.2.1A, 3.2.2A, 4.1A, 4.2A, 4.3A and 5A of the Spinoff Plan (the “**Milestone Items**”) on terms satisfactory to the New Investors, and shall have delivered evidence satisfactory to the New Investors that the Milestone Items have been completed.

Section 7.10 Business Cooperation Agreement.

The Company and other applicable Group Companies shall have entered into a business cooperation agreement with 58.com with respect to the Spinoff in the form attached as Exhibit E hereto (the “**Business Cooperation Agreement**”).

Section 7.11 Strategic Cooperation Agreement.

The Company and other applicable Group Companies shall have entered into a strategic cooperation agreement with Alibaba or an Affiliate in the form attached as Exhibit F hereto (the “**Strategic Cooperation Agreement**”).

Section 7.12 Closing Certificate.

The chief executive officer of the Company shall have executed and delivered to the Investors at the Closing a certificate dated as of the Closing (a) certifying that (i) the conditions specified in this Article VII have been fulfilled as of the Closing, (ii) all corporate and other proceedings in connection with the transactions to be completed at the Closing and all documents incidental thereto, including without limitation written approval from all of the then current holders of equity interests of each Group Company, as applicable, with respect to this Agreement and the other Transaction Documents, have been completed, and each Group Company shall have delivered to the Investors all such counterpart copies of such documents as the Investors may reasonably request, (iii) there shall have been no material adverse change in the business, affairs, prospects, operations, properties, assets, or condition of the Group Companies since the date of this Agreement and (b) attaching thereto (x) the Constitutional Documents of the Group Companies as then in effect, (y) copies of all resolutions adopted by the shareholders of the Company and the Board related to the transactions contemplated hereby, and (z) good standing or equivalent certificates with respect to the Company from the applicable authority(ies) in the British Virgin Islands dated no more than five (5) days prior to the Closing.

Section 7.13 Business Plan.

The Company shall have approved, and delivered to the Investors, the business plan and budget of the Group Companies for the remainder of calendar year 2015 and calendar year 2016 in the form attached to the Shareholders Agreement (the “**Business Plan**”).

Section 7.14 Employment Agreements.

(a) Each of Bai Ou, Li Ying and Guo Yi shall have entered into an employment agreement with the Company substantially in the form of Exhibit G attached hereto, (b) Chen Xiaohua shall have entered into an employment agreement with the Company on terms and conditions substantially identical to his current employment agreement with 58.com except that in the non-compete agreement the non-compete industry shall be the “life service industry (生活服务类行业)”, and the non-compete period shall be 24 months, and the Company shall have delivered to the Investors copies of the same.

Section 7.15 No Material Adverse Effect.

There shall have been no Material Adverse Effect since the date of this Agreement.

Section 7.16 No Litigation

No Action shall have been instituted or threatened or claim or demand made against any Group Company, Management Shareholder or Investor seeking to restrain or prohibit, or to obtain substantial damages with respect to, the consummation of the transactions contemplated by this Agreement or any other Transaction Document, and there shall not be in effect any order by a Governmental Authority of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement or any other Transaction Document.

Section 7.17 Opinions of Counsel.

The Investors shall have received:

- (i) from Han Kun Law Offices, PRC counsel for the Company, an opinion, dated as of the Closing, in the form attached as Exhibit H-1 hereto; and
- (ii) from Conyers Dill & Pearman, British Virgin Islands counsel for the Company, an opinion, dated as of the Closing, in the form attached as Exhibit H-2 hereto.

Section 7.18 Approval by Investment Committee.

Each New Investor shall have received approval, if required, from its board or investment committee for entry into the transactions contemplated hereunder.

Section 7.19 Consent and Waiver from Ohio River.

Alibaba shall have received from the Company a consent and waiver by Ohio River in substantially the form and substance of Exhibit K hereto.

Section 7.20 Compliance Policy.

The Company shall have adopted the anti-bribery and corruption policies in substantially the form and substance as set forth in Exhibit L hereto.

Section 7.21 58.com Non-Compete. 58.com shall have entered into a non-compete agreement (the “**58.com Non-Compete**”) with the Company regarding the operation, by 58.com or any of its controlled Affiliates, of a transaction platform (i.e., a platform that allows for both the initiation and settlement of transactions) in any of the following three areas: 家政, 美甲 and 速运, satisfactory in substance and form to the New Investors.

## ARTICLE VIII

### CONDITIONS TO THE COMPANY'S OBLIGATIONS AT THE CLOSING

The obligations of the Company under this Agreement at the Closing with respect to the Investors are subject to the fulfillment, on or prior to the Closing of the following conditions:

Section 8.01 Representations and Warranties.

The representations and warranties of the Investors contained in Article V hereof shall be true and correct as of the date hereof and as of the Closing with the same force and effect as if they had been made on and as of such date (except to the extent that any such representations and warranties shall have been expressly made as of an earlier date, in which case such representations and warranties shall have been true, correct and complete only as of such earlier date).

Section 8.02 Execution of Transaction Documents.

The Investors shall have duly executed and delivered to the Group Companies and Management Shareholders the Transaction Documents to which they are parties.

Section 8.03 Execution of the Strategic Cooperation Agreement.

Alibaba or an Affiliate shall have entered into the Strategic Cooperation Agreement with the Company and other applicable Group Companies.

## ARTICLE IX

### MISCELLANEOUS

Section 9.01 Indemnity.

(a) The representations and warranties of the Warrantors and the Management Shareholders contained in this Agreement shall survive the Closing until the date that is eighteen (18) months following the date of the Closing; provided, however, that the representations and warranties (i) of the Warrantors set forth in Sections 3.01 to 3.06 and 3.19(b), (ii) of the Management Shareholders set forth in Sections 4.01 to 4.04 shall survive the Closing indefinitely and (iii) representations and warranties of the Warrantors set forth in Section 3.22 shall survive until sixty (60) days after the expiration of the applicable statute of limitations. The covenants and other agreements of the Warrantors and the Management Shareholders contained in this Agreement shall survive the Closing until fully discharged in accordance with their terms, except for those covenants and agreements which shall be complied with or discharged prior to the Closing in accordance with the terms of this Agreement, which shall survive until the date that is eighteen (18) months following the date of the Closing; provided that, for the avoidance of doubt, the Warrantors' indemnification obligations in connection with any Indemnifiable Loss resulting from any Indemnified Tax shall survive the Closing until sixty (60) days after the expiration of the applicable statute of limitations. If a notice of a claim or potential claim with respect to a breach of any representation, warranty, covenant or agreement is asserted in writing and delivered prior to the applicable time set forth above, such representation, warranty, covenant or agreement shall survive in connection with such claim or potential claim until such claim or potential claim is resolved in accordance with the terms of this Article IX. Neither the period of survival nor the liability of the Warrantors or the Management Shareholders with respect to their respective representations, warranties, covenants and agreements shall be reduced by any investigation made at any time by or on behalf of any Investor.

(b) The Warrantors shall jointly and severally indemnify and hold harmless the Investors, the Investors' Representatives, Affiliates, successors and permitted assigns (each an "**Indemnitee**"), from and against any and all losses, liabilities, claims, deficiencies, demands, damages (excluding any consequential damages except to the extent such damages (x) are not based on any special circumstances of the Person entitled to indemnification and (y) are the natural, probable and reasonably foreseeable result of the event that gave rise thereto or the matter for which indemnification is sought hereunder, regardless of the form of action through which such damages are sought; provided, that this exclusion shall not apply to indemnity obligations for damages that are awarded by a court of competent jurisdiction in connection with a third party claim), diminution in value, interest, fines, awards, disbursement, expense, obligation, penalty, suit, judgment, settlement or Tax of any kind or nature, including without limitation, reasonable legal, accounting and other professional fees and expenses incurred in the investigation, collection, prosecution and defense of claims (together, the "**Indemnifiable Losses**") suffered by such Indemnitee, directly or indirectly, as a result of, or based upon or arising from:

(i) any inaccuracy in or breach of any of the representations or warranties made by a Warrantor or a Group Company in this Agreement or any other Transaction Document;

(ii) any breach or nonperformance of any of the covenants or agreements made by a Warrantor or a Group Company in this Agreement or any other Transaction Document;

(iii) any payment, costs or expense actually made or paid by the Group Companies arising from or in connection with any PRC Company failing, prior to the Closing, to establish or maintain social insurance and housing fund accounts for each of its employees or fully contribute into such accounts the amount of social insurance and housing fund required to be paid by such PRC Group Company pursuant to applicable PRC law;

(iv) any Indemnified Taxes; and

(v) any of the matters set forth in Schedule 9.01.

“**Indemnified Taxes**” means (A) any Taxes imposed on or with respect to any Group Company in connection with the issuance of the Purchased Shares or the Spinoff, (B) any Taxes imposed on any Group Company for any tax period ending on or before the Closing Date (or for any portion of a Straddle Period ending on the Closing Date), (C) any Taxes resulting from any Taxes imposed on any of the Group Companies as a result of having been a member of a consolidated, combined or unitary group on or prior to the Closing Date, or (D) any Taxes resulting from (x) the failure of the representations and warranties contained in Section 3.22 to be true and correct in all respects (determined without regard to any qualifications related to materiality contained therein) or (y) the failure to perform any covenant contained in this Agreement with respect to Taxes. “**Straddle Period**” means any tax period beginning before and ending after the Closing Date. For purposes of the foregoing, in the case of a Straddle Period, the amount of any Tax based on or measured by income or receipts or imposed in connection with any transaction of any of the Group Companies that is allocable to the portion of a Straddle Period ending on the Closing Date shall be determined based on an interim closing of the books as of the close of business on the Closing Date (and for such purpose, the Tax period of any partnership or other pass-through entity in which any of the Group Companies holds a beneficial interest shall be deemed to terminate at such time), and the amount of any other Tax of any of the Group Companies that is allocable to the portion of a Straddle Period ending on the Closing Date shall be deemed to be the amount of such Tax for the entire Straddle Period multiplied by a fraction, the numerator of which is the number of days in the portion of the Straddle Period ending on and including the Closing Date, and the denominator of which is the total number of days in the entire Straddle Period.

(c) Each Management Shareholder shall severally and not jointly indemnify and hold harmless the Indemnitees from and against any and all Indemnifiable Losses suffered by such Indemnitee, directly or indirectly, as a result of, or based upon or arising from any inaccuracy in or breach or nonperformance of any of the representations, warranties, covenants or agreements in this Agreement or any other Transaction Document made by such Management Shareholder.

(d) Subject to the last sentence of this Section 9.01(d), (i) in no event shall the aggregate liability of the Warrantors and the Management Shareholders towards the Indemnitees under this Agreement exceed one hundred percent (100%) of the aggregate Purchase Price received by the Company and (ii) in no event shall the aggregate liability of each Management Shareholder towards the Indemnitees under this Agreement exceed the higher of (x) US\$10 million and (y) the then Fair Market Value of one percent (1%) of the outstanding shares of the Company, as determined by the Company’s board of directors (including the affirmative vote of the Series A Director). For purposes of the foregoing, “**Fair Market Value**” means the price at which 100% of the Company’s outstanding shares are likely to be sold in an arm’s-length transaction between a willing and able buyer and a willing and able seller, neither of which is an Affiliate of the other, based on market conditions prevailing at the time, but excluding any reference to control premium, minority discounts or any transaction fees or expenses. Nothing in this Section 9.01(d) shall have the effect of limiting or restricting any liability arising as a result of any fraud or willful misconduct.

(e) Each of the Warrantors agrees that in assessing the amount of Indemnifiable Loss for any inaccuracy in or breach or nonperformance of any representation, warranty, covenant or agreement pursuant to Section 9.01(b), there shall be taken into account that an Investor shall be entitled to be compensated for, but not limited to, the decrease in value (including loss of bargain) of all Purchased Shares held by such Investor as a result of such inaccuracy, breach or nonperformance.

(f) **Exclusive Remedy.** Following the Closing, and subject to Section 9.19, the indemnification provisions of Section 9.01 shall be the exclusive remedy for any breach of this Agreement by the Warrantors and the Management Shareholders, other than with respect to any gross negligence, willful misconduct or fraud.

Section 9.02 Procedure.

Any Indemnitee seeking indemnification with respect to any Indemnifiable Loss (an “**Indemnified Party**”) shall give notice to the party required to provide indemnity hereunder (the “**Indemnifying Party**”); provided, however, that failure to so notify the Indemnifying Party shall not preclude the Indemnified Party from any indemnification which it may claim in accordance with Section 9.01. If any claim, demand or liability is asserted by any third party against any Indemnified Party, the Indemnifying Party shall, upon the written request of the Indemnified Party, defend actively and diligently at its sole cost and expense any actions or proceedings brought against the Indemnified Party in respect of matters embraced by the indemnity under Section 9.01 hereof. The Indemnified Party shall have the right to participate in the defense of any such third party claim, and if in the opinion of counsel to the Indemnified Party there is at any time a reasonable likelihood of a conflict of interest between the Indemnifying Party and the Indemnified Party, the Indemnifying Party shall bear the reasonable costs and expenses of counsel to the Indemnified Party in connection with such third party claim. The Indemnifying Party shall not, without the written consent of the Indemnified Party, compromise or settle any such third party claim or permit a default or consent to entry of any judgment unless the claimant or claimants and the Indemnifying Party provide to the Indemnified Party an unqualified release from all liability in respect of the third party claim. If, after a request to defend any action or proceeding, the Indemnifying Party neglects to defend diligently the Indemnified Party, a recovery against the Indemnified Party and costs and expenses arising from defending such action or proceeding suffered by it, shall be conclusive in its favor against the Indemnifying Party.

Section 9.03 Governing Law.

This Agreement shall be governed by and construed exclusively in accordance with the laws of Hong Kong without regard to principles of conflicts of law thereunder.

Section 9.04 Successors and Assigns.

Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto whose rights or obligations hereunder are affected by such provisions. Notwithstanding anything contrary in this Agreement, this Agreement and the rights and obligations herein shall not be assigned or transferred without the mutual written consent of the Investors and the Company; provided, however, each Investor may assign or transfer its rights and obligations herein to (A) its partners or former partners in accordance with partnership interests, (B) a wholly-owned subsidiary or a parent corporation that owns all of the capital stock of such Investor, (C) its members or former members in accordance with their interest in the limited liability company, or (D) any of its Affiliates; provided that in each case the transferee will agree by executing a Deed of Adherence in the form attached hereto as Exhibit J to be subject to the terms of this Agreement to the same extent as if it were an original Investor hereunder. For purposes of this Section 9.04, “**Affiliate**” shall mean, in respect of a Person, any other Person that, directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such Person, and (a) in the case of a natural Person, shall include, without limitation, such Person’s spouse, parents, children, siblings, mother-in-law and father-in-law and brothers and sisters-in-law, (b) in the case of any Investor, shall include any Person who holds shares as a nominee for such Investor, and (c) in respect of any Investor, shall also include (i) any shareholder of such Investor, (ii) any entity or individual which has a direct and indirect interest in such Investor (including, if applicable, any general partner or limited partner) or any fund manager thereof; (iii) any Person that directly or indirectly Controls, is Controlled by, under common Control with, or is managed by such Investor, its shareholder, the general partner or the fund manager of such Investor or its shareholder, (iv) the relatives of any individual referred to in (ii) above, and (v) any trust Controlled by or held for the benefit of such individuals. “**Person**” shall mean any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise or entity. “**Control**” shall mean the power or authority, whether exercised or not, to direct the business, management and policies of a Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; provided, that such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of a majority of the board of directors of such Person. The terms “**Controlled**” and “**Controlling**” have meanings correlative to the foregoing. For the avoidance of doubt, no Investor shall be deemed to be an Affiliate of the Company.

Section 9.05 Entire Agreement.

This Agreement, the Shareholders Agreement, other Transaction Documents and the schedules and exhibits hereto and thereto, which are hereby expressly incorporated herein by this reference constitute the entire understanding and agreement between the parties with regard to the subjects hereof and thereof; provided, however, that nothing in this Agreement or related agreements shall be deemed to terminate or supersede the provisions of any confidentiality and nondisclosure agreements executed by the parties hereto prior to the date hereof, which agreements shall continue in full force and effect until terminated in accordance with their respective terms.

Section 9.06 Notices.

Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other party, upon delivery; (b) when sent by facsimile at the number set forth in Exhibit J hereto, upon receipt of confirmation of error-free transmission; (c) seven (7) business days after deposit in the mail as air mail or certified mail, receipt requested, postage prepaid and addressed to the other party as set forth in Exhibit J; or (d) three (3) business days after deposit with an overnight delivery service, postage prepaid, addressed to the parties as set forth in Exhibit J with next business day delivery guaranteed; provided that the sending party receives a confirmation of delivery from the delivery service provider.

Each person making a communication hereunder by facsimile shall promptly confirm by telephone to the person to whom such communication was addressed each communication made by it by facsimile pursuant hereto but the absence of such confirmation shall not affect the validity of any such communication. A party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 9.06 by giving, the other parties written notice of the new address in the manner set forth above.

Section 9.07 Amendments.

Any term of this Agreement may be amended only with the written consent of the Company and the Investors. Notwithstanding the foregoing, no amendment of any term of this Agreement shall adversely affect in any material way the interest of any Management Shareholder without the prior written consent of such Management Shareholder.

Section 9.08 Delays or Omissions.

No delay or omission to exercise any right, power or remedy accruing to any Warrantor or Investor, upon any breach or default of any party hereto under this Agreement, shall impair any such right, power or remedy of such Warrantor or Investor, nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach of default thereafter occurring; nor shall any waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any Warrantor or Investor of any breach of default under this Agreement or any waiver on the part of any Warrantor or Investor of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, or by law or otherwise afforded to the Warrantors and the Investors shall be cumulative and not alternative.

Section 9.09 Finder's Fees.

Each party represents and warrants to the other parties hereto that it has retained no finder or broker in connection with the transactions contemplated by this Agreement and hereby agrees to indemnify and to hold harmless the other parties hereto from and against any liability for any commission or compensation in the nature of a finder's fee of any broker or other person or firm (and the costs and expenses of defending against such liability or asserted liability) for which the indemnifying party or any of its employees or representatives are responsible.

Section 9.10 Interpretation; Titles and Subtitles.

This Agreement shall be construed according to its fair language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement. Unless otherwise expressly provided herein, all references to Sections and Exhibits herein are to Sections and Exhibits of this Agreement. As used in this Agreement, the words "include" and "including", and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words "without limitation". Any representations, warranties, covenants or agreements by a Management Shareholder are given jointly and severally by the individual Management Shareholder and applicable SPV owned by such individual Management Shareholder.

Section 9.11 Counterparts.

This Agreement may be executed in one or more counterparts and may be delivered by electronic or facsimile transmission, all of which shall be considered one and the same agreement and each of which shall be deemed an original. Facsimile, e-mail or other electronic signatures shall have the same legal effect as original signatures.

Section 9.12 Severability.

If any provision of this Agreement is found to be invalid or unenforceable, then such provision shall be construed, to the extent feasible, so as to render the provision enforceable and to provide for the consummation of the transactions contemplated hereby on substantially the same terms as originally set forth herein, and if no feasible interpretation would save such provision, it shall be severed from the remainder of this Agreement, which shall remain in full force and effect unless the severed provision is essential to the rights or benefits intended by the parties. In such event, the parties shall use best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most nearly effects the parties' intent in entering into this Agreement.

Section 9.13 Confidentiality and Non-Disclosure.

(a) Disclosure of Terms. Unless disclosure to a regulatory authority is necessary or appropriate in connection with any necessary regulatory approval or unless disclosure is required by judicial or administrative process or by other requirement of Law or the applicable requirements of any regulatory agency or relevant stock exchange, the terms and conditions of this Agreement, all Transaction Documents and all exhibits attached to such agreements (collectively, the "**Financing Terms**") and all non-public records, books, contracts, instruments, computer data and other data and information concerning the other parties furnished to it by such other parties or their representatives pursuant to this Agreement (together with the Financing Terms collectively, "**Confidential Information**"), including their existence, shall be considered confidential information and shall not be disclosed by any party hereto to any third party (other than the Affiliates, directors, officers, employees, advisors and other representatives of a party or its Affiliates on a need-to-know basis) without prior written consent of the other parties except in accordance with the provisions set forth below; provided that such confidential information shall not include any information that can be shown to have been (i) previously known by such party on a non-confidential basis, (ii) in the public domain through no fault of such party or (iii) later lawfully acquired from other sources on a non-confidential basis by the party to which it was furnished.

(b) Permitted Disclosures. Notwithstanding the foregoing, (i) any party may disclose any of the Financing Terms to its current or bona fide prospective investors, employees, investment bankers, lenders, partners, accountants and attorneys, in each case only where such persons or entities have the need to know such information and are subject to appropriate nondisclosure obligations, (ii) each Investor may disclose any of the Financing Terms to its fund manager and the employees thereof so long as such persons are under appropriate nondisclosure obligations and (iii) the Company may disclose any of the Financing Terms to Ohio River to the extent necessary for obtaining the consent and waiver required hereunder.

(c) Legally Compelled Disclosure. In the event that any party is requested or becomes legally compelled (including without limitation, pursuant to securities laws and regulations) to disclose the existence of this Agreement and any other Transaction Documents, any of the exhibits attached to such agreements, or any of the Financing Terms hereof in contravention of the provisions of this Section 9.13, such party (the "**Disclosing Party**") shall (to the extent that it is able and permitted to do so in compliance with the relevant law or requirement) within a reasonable time before making such disclosure, promptly consult with the other parties (the "**Non-Disclosing Parties**") and use all reasonable efforts (and cooperate with the other parties' efforts) to obtain confidential treatment of the materials so disclosed. In such event, the Disclosing Party shall furnish only that portion of the information which is legally required to be disclosed and shall exercise reasonable efforts to keep confidential such information to the extent reasonably requested by any Non-Disclosing Party.

(d) Other Information. The provisions of this Section 9.13 shall be in addition to, and not in substitution for, the provisions of any separate nondisclosure agreement executed by any of the parties with respect to the transactions contemplated hereby.

(e) Notices. All notices required under this Section 9.13 shall be made pursuant to Section 9.06 of this Agreement.

Section 9.14 Further Assurances.

Each party shall from time to time and at all times hereafter make, do, execute, or cause or procure to be made, done and executed such further acts, deeds, conveyances, consents and assurances without further consideration, which may reasonably be required to effect the transactions contemplated by this Agreement.

Section 9.15 Dispute Resolution.

(a) Negotiation Between Parties. The parties agree to negotiate in good faith to resolve any dispute between them regarding this Agreement. If the negotiations do not resolve the dispute to the reasonable satisfaction of all parties within thirty (30) days, Section 9.15(b) shall apply.

(b) Arbitration. In the event the parties are unable to settle a dispute between them regarding this Agreement in accordance with subsection (a) above, such dispute shall be referred to and finally settled by arbitration at the Hong Kong International Arbitration Centre (the "HKIAC") for arbitration in Hong Kong. The arbitration shall be conducted in accordance with the HKIAC Administered Arbitration Rules in force at the time of the initiation of the arbitration, which rules are deemed to be incorporated by reference into this subsection (b). There shall be a panel of three (3) arbitrators. The New Investors shall appoint one (1) arbitrator, the Company shall appoint one (1) arbitrator, and the third arbitrator shall be appointed by the HKIAC. The arbitral proceedings shall be conducted in English. The award of the arbitral tribunal shall be final and binding upon the parties thereto.

Section 9.16 Termination.

(a) Termination before the Closing. This Agreement may be terminated prior to the Closing (i) by mutual written consent of the Company and each of the Investors or (ii) by written notice from the New Investors to the Company if there has been a material misrepresentation or material breach of a covenant or agreement contained in this Agreement on the part of any Warrantor, Group Company or Management Shareholder, and such breach, if curable, has not been cured within ten (10) days of such notice.

(b) Effects of Termination. If this Agreement is terminated as provided under this Section 9.16, this Agreement will be of no further force or effect upon termination; provided that (i) the termination will not relieve any party from any liability for any antecedent breach of this Agreement, and (ii) Sections 9.03, 9.12, 9.13, 9.15 and 9.17 shall survive the termination of this Agreement.

Section 9.17 Legal Fees and Expenses.

All costs and expenses incurred by any party hereto in connection with this Agreement, or any amendment or waiver hereof, and the transactions contemplated hereby shall be paid by the party incurring such costs or expenses; provided that, in the event the Closing occurs, the Company shall bear its own legal fees and expenses and shall pay the reasonable legal, financial and other costs and expenses in connection with the transactions contemplated by the Transaction Documents not to exceed US\$500,000 in the aggregate incurred and reasonably documented by Alibaba and WOFA Trading and Holdings Limited, on a pro rata basis in accordance with the following ownership of the Purchased Shares immediately after the Closing as set forth on Schedule A hereto: (a) in case of Alibaba, the ownership of the Purchased Shares of Alibaba and (b) in case of WOFA Trading and Holdings Limited, the aggregate ownership of the Purchased Shares of WOFA Trading and Holdings Limited and Home Giant Holdings Limited.

Section 9.18 Affiliated Parties.

For purposes of determining rights pursuant to any share thresholds set forth in this Agreement, an Investor shall be entitled to aggregate all shares held by affiliated funds and constituent partners and members.

Section 9.19 Specific Performance.

The parties acknowledge and agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that each party shall be entitled to specific performance of the terms hereof. It is accordingly agreed that the terms and provisions of this agreement shall be enforceable by a decree of specific performance issued by any court of competent jurisdiction, and appropriate injunctive relief may be applied for and granted in connection therewith. Such remedies shall, however, be cumulative and not exclusive and shall be in addition to any other remedies which any party may have under this Agreement or otherwise.

Section 9.20 No Double Recovery.

No Indemnified Party shall be entitled to recover under this Agreement more than once in respect of the same Indemnifiable Losses suffered.

*[SIGNATURES ON FOLLOWING PAGE]*

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**THE COMPANY:**

**For and on behalf of**  
58 Daojia Inc.

By: /s/ CHEN Xiaohua  
Name: CHEN Xiaohua  
Title: CEO

**WFOE:**

Beijing 58 Daojia Information Technology Co., Ltd  
(北京五八到家信息技术有限公司)

By: /s/ YAO Jinbo  
Name: YAO Jinbo  
Title: Director

**Daojia HK:**

**For and on behalf of**  
58 Daojia Holdings Limited

By: /s/ YAO Jinbo  
Name: YAO Jinbo  
Title: Director

**Tianjin Daojia:**

Tianjin 58 Daojia Life Services Co., Ltd.  
(天津五八到家生活服务有限公司)

By: /s/ YAO Jinbo  
Name: YAO Jinbo  
Title: Director

SIGNATURE PAGE TO THE SERIES A PREFERRED SHARES SUBSCRIPTION AGREEMENT

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**IN WITNESS WHEREOF**, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

/s/ Chen Xiaohua  
Chen Xiaohua

/s/ Bai Ou  
Bai Ou

/s/ Yao Jinbo  
Yao Jinbo

**For and on behalf of**  
Trumpway Limited

**For and on behalf of**  
Cloud Knight Holdings Limited

By: /s/ Chen Xiaohua  
Name: Chen Xiaohua  
Title: Director

By: /s/ Bai Ou  
Name: Bai Ou  
Title: Director

**For and on behalf of**  
Nihao China Corporation

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Director

SIGNATURE PAGE TO THE SERIES A PREFERRED SHARES SUBSCRIPTION AGREEMENT

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**IN WITNESS WHEREOF**, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**For and on behalf of**

58.com Inc.

By: /s/ Jinbo Yao

Name: Jinbo Yao

Title: Chairman of the Board and Chief Executive Officer

SIGNATURE PAGE TO THE SERIES A PREFERRED SHARES SUBSCRIPTION AGREEMENT

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**IN WITNESS WHEREOF**, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**INVESTOR:**

Taobao China Holding Limited

By: /s/ Timothy Alexander Steinert  
Name: Timothy Alexander Steinert  
Title: Authorized Signatory

SIGNATURE PAGE TO THE SERIES A PREFERRED SHARES SUBSCRIPTION AGREEMENT

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**IN WITNESS WHEREOF**, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**INVESTOR:**

WOFA Trading and Holdings Limited

By: /s/ Lillian Yuen Ming Leong  
Name: Lillian Yuen Ming Leong  
Title: Director

SIGNATURE PAGE TO THE SERIES A PREFERRED SHARES SUBSCRIPTION AGREEMENT

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**IN WITNESS WHEREOF**, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**INVESTOR:**

Pingan EPOCH Limited Partnership

By: /s/ Yu Le  
Name: YU Le  
Title: Managing Director

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**IN WITNESS WHEREOF**, the parties hereto have caused their respective duly authorized representatives to execute this Agreement as of the date and year first above written.

**INVESTOR:**

Home Giant Holdings Limited

By: /s/ Zhengyu Wu  
Name: ZHENGYU WU  
Title: Director

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**Exclusive Business Cooperation Agreement**

This Exclusive Business Cooperation Agreement (this “Agreement”) is made and entered into by and between the following parties on August 5, 2015 in Beijing, the People’s Republic of China (“China” or the “PRC”).

**Party A: Beijing 58 Daojia Information Technology Co., Ltd.**

Address: Room D101A-123, Building B-2 of Zhongguancun Dongsheng Science Park, #66 Xixiaokou Road, Haidian District, Beijing

**Party B: Tianjin 58 Daojia Home Services Co., Ltd.**

Address: Square block -901-918 , #5 Meiyuan Road , Binhaigaoxin District, Tianjin.

Each of Party A and Party B shall be hereinafter referred to as a “Party” respectively, and as the “Parties” collectively.

Whereas,

1. Party A is a wholly foreign owned enterprise established in China, and has the necessary resources to provide technical and consulting services;
2. Party B is a company established in China with exclusively domestic capital and is permitted to engage in home services and other business by relevant PRC government authorities. The businesses conducted by Party B currently and any time during the term of this Agreement are collectively referred to as the “Principal Business”;
3. Party A is willing to provide Party B with technical support, consulting services and other services on exclusive basis in relation to the Principal Business during the term of this Agreement, utilizing its advantages in technology, human resources, and information, and Party B is willing to accept such services provided by Party A or Party A’s designee(s), each on the terms set forth herein.

Now, therefore, through mutual discussion, the Parties have reached the following agreements:

**1. Services Provided by Party A**

- 1.1 Party B hereby appoints Party A as Party B's exclusive services provider to provide Party B with comprehensive technical support, consulting services and other services during the term of this Agreement, in accordance with the terms and conditions of this Agreement, including but not limited to the follows:
- (1) Licensing Party B to use any software legally owned by Party A;
  - (2) Development, maintenance and update of software involved in Party B's business;
  - (3) Design, installation, daily management, maintenance and updating of network system, hardware and database design;
  - (4) Technical support and training for employees of Party B;
  - (5) Providing business management consultation for Party B;
  - (6) Providing marketing and promotion services for Party B;
  - (7) Providing customer order management and customer services for Party B;
  - (8) Leasing of equipment or properties; and
  - (9) Other services requested by Party B from time to time to the extent permitted under PRC law.
- 1.2 Party B agrees to accept all the services provided by Party A. Party B further agrees that unless with Party A's prior written consent, during the term of this Agreement, Party B shall not directly or indirectly accept the same or any similar services provided by any third party and shall not establish similar corporation relationship with any third party regarding the matters contemplated by this Agreement. Party A may appoint other parties, who may enter into certain agreements described in Section 1.3 with Party B, to provide Party B with the services under this Agreement.
- 1.3 Service Providing Methodology

- 1.3.1 Party A and Party B agree that during the term of this Agreement, where necessary, Party B may enter into further service agreements with Party A or any other party designated by Party A, which shall provide the specific contents, manner, personnel, and fees for the specific services.
- 1.3.2 To fulfill this Agreement, Party A and Party B agree that during the term of this Agreement, where necessary, Party B may enter into equipment or property leases with Party A or any other party designated by Party A which shall permit Party B to use Party A's relevant equipment or property based on the needs of the business of Party B.
- 1.3.3 Party B hereby grants to Party A an irrevocable and exclusive option to purchase from Party B, at Party A's sole discretion, any or all of the assets and business of Party B, to the extent permitted under PRC law, at the lowest purchase price permitted by PRC law. The Parties shall then enter into a separate assets or business transfer agreement, specifying the terms and conditions of the transfer of the assets.

## **2. The Calculation and Payment of the Service Fees**

- 2.1 The fees payable by Party B to Party A during the term of this Agreement shall be calculated as follows:
  - 2.1.1 Party B shall pay service fee to Party A in each month. The service fee for each month shall consist of management fee and fee for services provided, which shall be determined by the Parties through negotiation after considering:
    - (1) Complexity and difficulty of the services provided by Party A;
    - (2) Title of and time consumed by employees of Party A providing the services;
    - (3) Contents and value of the services provided by Party A;
    - (4) Market price of the same type of services;
    - (5) Operation conditions of the Party B.

- 2.1.2 If Party A transfers technology to Party B or develops software or other technology as entrusted by Party B or leases equipments or properties to Party B, the technology transfer price, development fees or rent shall be determined by the Parties based on the actual situations.

**3. Intellectual Property Rights and Confidentiality Clauses**

- 3.1 Party A shall have exclusive and proprietary ownership, rights and interests in any and all intellectual properties arising out of or created during the performance of this Agreement, including but not limited to copyrights, patents, patent applications, software, technical secrets, trade secrets and others. Party B shall execute all appropriate documents, take all appropriate actions, submit all filings and/or applications, render all appropriate assistance and otherwise conduct whatever is necessary as deemed by Party A at its sole discretion for the purposes of vesting any ownership, right or interest of any such intellectual property rights in Party A, and/or perfecting the protections for any such intellectual property rights in Party A.
- 3.2 The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third party, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, director, employees of or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and such Party shall be held liable for breach of this Agreement.

**4. Representations and Warranties**

- 4.1 Party A hereby represents, warrants and covenants as follows:

- 4.1.1 Party A is a wholly foreign owned enterprise legally established and validly existing in accordance with the laws of China; Party A or the service providers designated by Party A will obtain all government permits and licenses for providing the service under this Agreement before providing such services.
- 4.1.2 Party A has taken all necessary corporate actions, obtained all necessary authorizations as well as all consents and approvals from third parties and government agencies (if required) for the execution, delivery and performance of this Agreement. Party A's execution, delivery and performance of this Agreement do not violate any explicit requirements under any law or regulation.
- 4.1.3 This Agreement constitutes Party A's legal, valid and binding obligations, enforceable against it in accordance with its terms.

4.2 Party B hereby represents, warrants and covenants as follows:

- 4.2.1 Party B is a company legally established and validly existing in accordance with the laws of China and has obtained and will maintain all permits and licenses for engaging in the Principal Business in a timely manner.
- 4.2.2 Party B has taken all necessary corporate actions, obtained all necessary authorizations as well as all consents and approvals from third parties and government agencies (if required) for the execution, delivery and performance of this Agreement. Party B's execution, delivery and performance of this Agreement do not violate any explicit requirements under any law or regulation.
- 4.2.3 This Agreement constitutes Party B's legal, valid and binding obligations, and shall be enforceable against it in accordance with its terms.

**5. Term of Agreement**

- 5.1 This Agreement shall become effective upon execution by the Parties. Unless terminated in accordance with the provisions of this Agreement or terminated in writing by Party A, this Agreement shall remain effective.

5.2 During the term of this Agreement, each Party shall renew its operation term prior to the expiration thereof so as to enable this Agreement to remain effective. This Agreement shall be terminated upon the expiration of the operation term of a Party if the application for renewal of its operation term is not approved by relevant government authorities.

5.3 The rights and obligations of the Parties under Sections 3, 6, 7 and this Section 5.3 shall survive the termination of this Agreement.

**6. Governing Law and Resolution of Disputes**

6.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of China.

6.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Party for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its arbitration rules. The arbitration shall be conducted in Beijing. The arbitration award shall be final and binding on both Parties.

6.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

**7. Breach of Agreement and Indemnification**

7.1 If Party B conducts any material breach of any term of this Agreement, Party A shall have right to terminate this Agreement and/or require Party B to indemnify all damages; this Section 7.1 shall not prejudice any other rights of Party A herein.

7.2 Unless otherwise required by applicable laws, Party B shall not have any right to terminate this Agreement in any event.

7.3 Party B shall indemnify and hold harmless Party A from any losses, injuries, obligations or expenses caused by any lawsuit, claims or other demands against Party A arising from or caused by the services provided by Party A to Party B pursuant this Agreement, except where such losses, injuries, obligations or expenses arise from the gross negligence or willful misconduct of Party A.

**8. Force Majeure**

8.1 In the case of any force majeure events (“Force Majeure”) such as earthquake, typhoon, flood, fire, flu, war, strikes or any other events that cannot be predicted and are unpreventable and unavoidable by the affected Party, which directly or indirectly causes the failure of either Party to perform or completely perform this Agreement, then the Party affected by such Force Majeure shall give the other Party written notices without any delay, and shall provide details of such event within 15 days after sending out such notice, explaining the reasons for such failure of, partial or delay of performance.

8.2 If such Party claiming Force Majeure fails to notify the other Party and furnish it with proof pursuant to the above provision, such Party shall not be excused from the non-performance of its obligations hereunder. The Party so affected by the event of Force Majeure shall use reasonable efforts to minimize the consequences of such Force Majeure and to promptly resume performance hereunder whenever the causes of such excuse are cured. Should the Party so affected by the event of Force Majeure fail to resume performance hereunder when the causes of such excuse are cured, such Party shall be liable to the other Party.

8.3 In the event of Force Majeure, the Parties shall immediately consult with each other to find an equitable solution and shall use all reasonable endeavours to minimize the consequences of such Force Majeure.

**9. Notices**

9.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

9.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of receipt or refusal at the address specified for notices.

9.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

9.2 For the purpose of notices, the addresses of the Parties are as follows:

**Party A: Beijing 58 Daojia Information Technology Co., Ltd.**

Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

**Party B: Tianjin 58 Daojia Home Services Co., Ltd.**

Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

9.3 Any Party may at any time change its address for notices by a notice delivered to the other Party in accordance with the terms hereof.

## **10. Assignment**

10.1 Without Party A's prior written consent, Party B shall not assign its rights and obligations under this Agreement to any third party.

10.2 Party B agrees that Party A may assign its obligations and rights under this Agreement to any third party and in case of such assignment, Party A is only required to give written notice to Party B and does not need any consent from Party B for such assignment.

**11. Severability**

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any aspect. The Parties shall negotiate in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

**12. Amendments and Supplements**

Any amendments and supplements to this Agreement shall be in writing. The amendment agreements and supplementary agreements that have been signed by the Parties and relate to this Agreement shall be an integral part of this Agreement and shall have the same legal validity as this Agreement.

**13. Language and Counterparts**

This Agreement is written in Chinese language in two copies, each Party having one copy. The Chinese version and English version shall have equal legal validity.

*The Remainder of this page is intentionally left blank*

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Business Cooperation Agreement as of the date first above written.

**Party A: Beijing 58 Daojia Information Technology Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

**Party B: Tianjin 58 Daojia Home Services Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

**Equity Interest Pledge Agreement**

This Equity Interest Pledge Agreement (this "Agreement") has been executed by and among the following parties on August 5, 2015 in Beijing, the People's Republic of China ("China" or the "PRC"):

- Party A:** **Beijing 58 Daojia Information Technology Co., Ltd.**, (hereinafter "Pledgee") a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Room D101A-123, Building B-2 of Zhongguancun Dongsheng Science Park, #66 Xixiaokou Road, Haidian District, Beijing;
- Party B:** **58 Co., Ltd.**, (hereinafter "Pledgor") a limited liability company organized and existing under the laws of the PRC, with its address at Room 210-03, Office Building, Nangang Industry Zone, Economic and Technological Development District, Tianjin; and
- Party C:** **Tianjin 58 Daojia Home Services Co., Ltd.**, a limited liability company organized and existing under the laws of the PRC, with its address at Square block -901-918 , #5 Meiyuan Road , Binhaigaoxin District, Tianjin.

In this Agreement, each of Pledgee, Pledgor and Party C shall be referred to as a "Party" respectively, and they shall be collectively referred to as the "Parties".

Whereas:

1. Pledgor is a corporate juridical person of China who as of the date hereof holds 91.8% of equity interests of Party C, representing RMB91,800,000 in the registered capital of Party C. Party C is a limited liability company registered in Tianjin, China, engaging in Internet information services and advertising services. Party C acknowledges the respective rights and obligations of Pledgor and Pledgee under this Agreement, and intends to provide any necessary assistance in registering the Pledge;
2. Pledgee is a wholly foreign-owned enterprise registered in China. Pledgee and Party C partially owned by Pledgor have executed an Exclusive Business Cooperation Agreement (as defined below) in Beijing; Party C, Pledgee and Pledgor have executed an Exclusive Option Agreement (as defined below); Pledgee and Pledgor have executed a Loan Agreement (as defined below); and Pledgor has executed a Power of Attorney to Pledgee.
3. To ensure that Party C and Pledgor fully perform their obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney, Pledgor hereby pledges to the Pledgee all of the equity interest he holds in Party C as security for Party C's and Pledgor's obligations under the Exclusive Business Cooperation Agreements, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney.

To perform the provisions of the Transaction Documents, the Parties have mutually agreed to execute this Agreement upon the following terms.

## 1. Definitions

Unless otherwise provided herein, the terms below shall have the following meanings:

- 1.1 Pledge: shall refer to the security interest granted by Pledgor to Pledgee pursuant to Article 2 of this Agreement, i.e., the right of Pledgee to be compensated on a preferential basis with the conversion, auction or sales price of the Equity Interest.
- 1.2 Equity Interest: shall refer to all of the equity interest now held and hereafter acquired by Pledgor in Party C.
- 1.3 Term of Pledge: shall refer to the term set forth in Section 3.2 of this Agreement.
- 1.4 Transaction Documents: shall refer to the Exclusive Business Cooperation Agreement executed by and between Party C and Pledgee on August 5, 2015 (the "Exclusive Business Cooperation Agreement"), the Exclusive Option Agreement executed by and among Party C, Pledgee and Pledgor on August 5, 2015 (the "Exclusive Option Agreement"), the Loan Agreement executed by and between Pledgee and Pledgor on August 5, 2015 (the "Loan Agreement"), Power of Attorney executed on August 5, 2015 by Pledgor (the "Power of Attorney") and any modification, amendment and restatement to the aforementioned documents.
- 1.5 Contract Obligation: shall refer to all the obligations of Pledgor under the Exclusive Option Agreement, the Power of Attorney, the Loan Agreement and this Agreement; all the obligations of Party C under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement and this Agreement.
- 1.6 Secured Indebtedness: shall refer to all the direct, indirect or derivative losses of Pledgee, including loss of expected profits, incurred as a result of any Event of Default (as defined below). The amount of such loss shall be based on, including but not limited to the reasonable business plan and profit forecast of Pledgee, the consulting and service fees payable to Pledgee under the Exclusive Business Cooperation Agreement and all expenses occurred in connection with enforcement by Pledgee of Pledgor's and/or Party C's Contract Obligation. The anticipated aggregate losses to be incurred hereunder are RMB1,000 million. Notwithstanding the forgoing, if the actual losses incurred exceed such anticipated amount, the Secured Indebtedness hereunder shall be the actual amount of such losses incurred.
- 1.7 Event of Default: shall refer to any of the circumstances set forth in Article 7 of this Agreement.

1.8 Notice of Default: shall refer to the notice issued by Pledgee in accordance with this Agreement declaring an Event of Default.

## **2. The Pledge**

2.1 Pledgor agrees to pledge all the Equity Interest as security for performance of the Contract Obligation and payment of the Secured Indebtedness under this Agreement. Party C hereby assents that Pledgor pledges the Equity Interest to the Pledgee pursuant to this Agreement.

2.2 During the term of the Pledge, Pledgee is entitled to receive dividends distributed on the Equity Interest. Pledgor may receive dividends distributed on the Equity Interest only with prior written consent from Pledgee. Dividends received by Pledgor on Equity Interest shall be, subject to requirement of Pledgee, (1) deposited into an account designated and supervised by Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to make any other payment; or (2) unconditionally give to Pledgee or any other person designated by Pledgee to the extent permitted under applicable PRC laws.

2.3 Pledgor may subscribe for capital increase in Party C only with prior written consent of Pledgee. Any equity interest obtained by the Pledgor in future capital increase shall be deemed as Equity Interest as well.

2.4 In the event that Party C is required by PRC law to be liquidated or dissolved, any interest distributed to Pledgor upon Party C's dissolution or liquidation shall be (1) deposited into an account designate and supervised by Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to make any other payment; or (2) unconditionally give to Pledgee or any other person designated by Pledgee to the extent permitted under applicable PRC laws.

## **3. Term of Pledge**

3.1 The Pledge shall become effective on such date when the pledge of the Equity Interest contemplated herein has been registered with relevant administration for industry and commerce (the "AIC"). The Pledge shall be continuously valid until all Contract Obligations and Secured Indebtedness have been fully performed and paid. Pledgor and Party C shall (1) register the Pledge in the shareholders' register of Party C within 3 business days following the execution of this Agreement, and (2) submit an application to the AIC for the registration of the Pledge of the Equity Interest contemplated herein within 30 business days following the execution of this Agreement. The parties covenant that for the purpose of registration of the Pledge, the parties hereto and all other shareholders of Party C shall submit to the AIC this Agreement or an equity interest pledge contract in the form required by the AIC at the location of Party C which shall truly reflect the information of the Pledge hereunder (the "AIC Pledge Contract"). For matters not specified in the AIC Pledge Contract, the parties shall be bound by the provisions of this Agreement. Pledgor and Party C shall submit all necessary documents and complete all necessary procedures, as required by the PRC laws and regulations and the relevant AIC, to ensure that the Pledge of the Equity Interest shall be registered with the AIC as soon as possible after filing.

3.2 During the Term of Pledge, in the event Pledgor and/or Party C fails to perform the Contract Obligation or pay Secured Indebtedness, Pledgee shall have the right, but not the obligation, to exercise the Pledge in accordance with the provisions of this Agreement.

#### **4. Custody of Records for Equity Interest subject to Pledge**

4.1 During the Term of Pledge set forth in this Agreement, Pledgor shall deliver to Pledgee's custody the capital contribution certificate for the Equity Interest and the shareholders' register containing the Pledge within one week from the execution of this Agreement. Pledgee shall have custody of such documents during the entire Term of Pledge set forth in this Agreement.

#### **5. Representations and Warranties of Pledgor and Party C**

As of the execution date of this Agreement, Pledgor and Party C hereby jointly and severally represent and warrant to Pledgee that:

5.1 Pledgor is the sole legal and beneficial owner of the Equity Interest.

5.2 Pledgee shall have the right to dispose of and transfer the Equity Interest in accordance with the provisions set forth in this Agreement.

5.3 Except for the Pledge, Pledgor has not placed any security interest or other encumbrance on the Equity Interest.

5.4 Pledgor and Party C have obtained any and all approvals and consents from applicable government authorities and third parties (if required) for execution, delivery and performance of this Agreement.

5.5 The execution, delivery and performance of this Agreement will not: (i) violate any relevant PRC laws; (ii) conflict with Party C's articles of association or other constitutional documents; (iii) result in any breach of or constitute any default under any contract or instrument to which it is a party or by which it is otherwise bound; (iv) result in any violation of any condition for the grant and/or maintenance of any permit or approval granted to any Party; or (v) cause any permit or approval granted to any Party to be suspended, cancelled or attached with additional conditions.

#### **6. Covenants of Pledgor and Party C**

6.1 Pledgor and Party C hereby jointly and severally covenant to the Pledgee:

- 6.1.1 Pledgor shall not transfer the Equity Interest, place or permit the existence of any security interest or other encumbrance on the Equity Interest or any portion thereof, without the prior written consent of Pledgee, except for the performance of the Transaction Documents;
- 6.1.2 Pledgor and Party C shall comply with the provisions of all laws and regulations applicable to the pledge of rights, and within 5 days of receipt of any notice, order or recommendation issued or prepared by relevant competent authorities regarding the Pledge, shall present the aforementioned notice, order or recommendation to Pledgee, and shall comply with the aforementioned notice, order or recommendation or submit objections and representations with respect to the aforementioned matters upon Pledgee's reasonable request or upon consent of Pledgee;
- 6.1.3 Pledgor and Party C shall promptly notify Pledgee of any event or notice received by Pledgor that may have an impact on Pledgee's rights to the Equity Interest or any portion thereof, as well as any event or notice received by Pledgor that may have an impact on any guarantees and other obligations of Pledgor arising out of this Agreement.
- 6.1.4 Party C shall complete the registration procedures for extension of the term of operation within three (3) months prior to the expiration of such term to maintain the validity of this Agreement.
- 6.2 Pledgor agrees that the rights acquired by Pledgee in accordance with this Agreement with respect to the Pledge shall not be interrupted or harmed by Pledgor or any heirs or representatives of Pledgor or any other persons through any legal proceedings.
- 6.3 To protect or perfect the security interest granted by this Agreement for the Contract Obligation and Secured Indebtedness, Pledgor hereby undertakes to execute in good faith and to cause other parties who have an interest in the Pledge to execute all certificates, agreements, deeds and/or covenants required by Pledgee. Pledgor also undertakes to perform and to cause other parties who have an interest in the Pledge to perform actions required by Pledgee, to facilitate the exercise by Pledgee of its rights and authority granted thereto by this Agreement, and to enter into all relevant documents regarding ownership of Equity Interest with Pledgee or designee(s) of Pledgee (natural persons/legal persons). Pledgor undertakes to provide Pledgee within a reasonable time with all notices, orders and decisions regarding the Pledge that are required by Pledgee.
- 6.4 Pledgor hereby undertakes to comply with and perform all guarantees, promises, agreements, representations and conditions under this Agreement. In the event of failure or partial performance of its guarantees, promises, agreements, representations and conditions, Pledgor shall indemnify Pledgee for all losses resulting therefrom.

## **7. Event of Breach**

- 7.1 The following circumstances shall be deemed Event of Default:
- 7.1.1 Pledgor's any breach to any obligations under the Transaction Documents and/or this Agreement.
  - 7.1.2 Party C's any breach to any obligations under the Transaction Documents and/or this Agreement.
- 7.2 Upon notice or discovery of the occurrence of any circumstances or event that may lead to the aforementioned circumstances described in Section 7.1, Pledgor and Party C shall immediately notify Pledgee in writing accordingly.
- 7.3 Unless an Event of Default set forth in this Section 7.1 has been successfully resolved to Pledgee's satisfaction within twenty (20) days after the Pledgee and /or Party C delivers a notice to the Pledgor requesting ratification of such Event of Default, Pledgee may issue a Notice of Default to Pledgor in writing at any time thereafter, demanding the Pledgor to immediately exercise the Pledge in accordance with the provisions of Article 8 of this Agreement.

## **8. Exercise of Pledge**

- 8.1 Pledgee may issue a Notice of Default to Pledgor when exercising the Pledge.
- 8.2 Subject to the provisions of Section 7.3, Pledgee may exercise the right to enforce the Pledge at any time after the issuance of the Notice of Default in accordance with Section 8.1. Once Pledgee elects to enforce the Pledge, Pledgor shall cease to be entitled to any rights or interests associated with the Equity Interest.
- 8.3 After Pledgee issues a Notice of Default Pledgee in accordance with Section 8.1, Pledgee may exercise any remedy measure under applicable PRC laws, the Transaction Documents and this Agreement, including but not limited to be compensated in priority by the conversion of the Equity Pledge or from the proceeds from auction or sale of the Equity Interest. The Pledgee shall have no liability for any loss incurred by its duly exercise of such rights and powers.
- 8.4 The proceeds from exercise of the Pledge by Pledgee shall be used to pay for tax and expenses incurred by disposing the Equity Interest and perform Contract Obligations and pay the Secured Indebtedness prior and in preference to any other payment. After the payment of the aforementioned amounts, the remaining balance shall be returned to Pledgor or any other person who have rights to such balance under applicable laws or be deposited to the local notary public office where Pledgor resides, with all expense incurred being borne by Pledgor. To the extent permitted under applicable PRC laws, Pledgor shall unconditionally give the aforementioned proceeds to Pledgee or any other person designated by Pledgee.

- 8.5 Pledgee has the right to exercise any remedy measure available simultaneously or in any order. Pledgee may exercise the right to be compensated from in priority by the conversion of the Equity Pledge or from the proceeds from auction or sale of the Equity Interest under this Agreement, without exercising any other remedy measure first.
- 8.6 Pledgee is entitled to designate an attorney or other representatives to exercise the Pledge on its behalf and Pledgor and Party C shall not raise any objection to such exercise.
- 8.7 When Pledgee disposes of the Pledge in accordance with this Agreement, Pledgor and Party C shall provide necessary assistance to enable Pledgee to enforce the Pledge in accordance with this Agreement.

## **9. Breach of Agreement**

- 9.1 If Pledgor or Party C conducts any material breach of any term of this Agreement, Pledgee shall have right to terminate this Agreement and require Pledgor or Party C to compensate all damages; this Section 9 shall not prejudice any other rights of Pledgee herein;
- 9.2 If Pledgee conducts any breach of any term of this Agreement, Pledgor or Party C shall not terminate this Agreement in any event unless otherwise required by applicable laws.

## **10. Assignment**

- 10.1 Without Pledgee's prior written consent, Pledgor shall not have the right to assign or delegate its rights and obligations under this Agreement.
- 10.2 This Agreement shall be binding on Pledgor and its successors and permitted assigns, and shall be valid with respect to Pledgee and each of its successors and assigns.
- 10.3 At any time, Pledgee may assign any and all of its rights and obligations under the Transaction Documents to its designee(s), in which case the assigns shall have the rights and obligations of Pledgee under this Agreement, as if it were the original party to this Agreement. When the Pledgee assigns the rights and obligations under the Business Cooperation Agreement, upon Pledgee's request, Pledgor and/or Party C shall execute relevant agreements or other documents relating to such assignment.
- 10.4 In the event of a change in Pledgee due to an assignment, Pledgor and/or Party C shall, at the request of Pledgee, execute a new pledge agreement with the new pledgee on the same terms and conditions as this Agreement, and register the same with the relevant AIC.

10.5 Pledgor and Party C shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by the Parties hereto or any of them, including the Transaction Documents, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. Any remaining rights of Pledgor with respect to the Equity Interest pledged hereunder shall not be exercised by Pledgor except in accordance with the written instructions of Pledgee.

## **11. Termination**

11.1 Upon the fulfillment of all Contract Obligation and the full payment of all Secured Indebtedness by Pledgor and Party C, Pledgee shall release the Pledge under this Agreement upon Pledgor's request as soon as reasonably practicable and shall assist Pledgor to de-register the Pledge from the shareholders' register of Party C and with relevant PRC local administration for industry and commerce.

11.2 The provisions under Sections 9, 13, 14 and 11.2 herein of this Agreement shall survive the expiration or termination of this Agreement.

## **12. Handling Fees and Other Expenses**

All fees and out of pocket expenses relating to this Agreement, including but not limited to legal costs, costs of production, stamp tax and any other taxes and fees, shall be borne by Party C.

## **13. Confidentiality**

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, investors, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, investors, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the staff members or agencies hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

#### 14. Governing Law and Resolution of Disputes

- 14.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of China.
- 14.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its Arbitration Rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.
- 14.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

#### 15. Notices

- 15.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such party set forth below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:
- 15.2 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery or refusal at the address specified for notices.
- 15.3 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).
- 15.4 For the purpose of notices, the addresses of the Parties are as follows:

|                 |  |
|-----------------|--|
| <b>Party A:</b> | <b>Beijing 58 Daojia Information Technology Co., Ltd.</b>  |
| Address:        | Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing |
| Attn:           | Jinbo Yao  |
| Phone:          | +8610 64435588-8888  |
| Facsimile:      | +8610-64459926   |

**Party B: 58 Co., Ltd.**  
Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

**Party C: Tianjin 58 Daojia Home Services Co., Ltd.**  
Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

15.5 Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

## **16. Severability**

In the event that one or several of the provisions of this Contract are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Contract shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

## **17. Attachments**

The attachments set forth herein shall be an integral part of this Agreement.

## **18. Effectiveness**

18.1 This Agreement shall become effective upon execution by the Parties.

18.2 Any amendments, changes and supplements to this Agreement shall be in writing and shall become effective upon completion of the governmental filing procedures (if applicable) after the affixation of the signatures or seals of the Parties.

## **19. Language and Counterparts**

This Agreement is written in Chinese and English in four copies. Pledgor, Pledgee and Party C shall hold one copy respectively and the other copy shall be used for registration. Each copy of this Agreement shall have equal validity. In case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

*The Remainder of this page is intentionally left blank*

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Equity Interest Pledge Agreement as of the date first above written.

**Party A: Beijing 58 Daojia Information Technology Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

**Party B: 58 Co. Ltd.**

By: /s/ Jinbo Yao  
Name: Haoyong Yang  
Title: Legal Representative

**Party C: Tianjin 58 Daojia Home Services Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

**Attachments:**

1. Shareholders' Register of Party C;
2. The Capital Contribution Certificate for Party C;
3. Exclusive Business Cooperation Agreement;
4. Loan Agreement;
5. Exclusive Option Agreement;
6. Power of Attorney.

## Equity Interest Pledge Agreement

This Equity Interest Pledge Agreement (this "Agreement") has been executed by and among the following parties on August 5, 2015 in Beijing, the People's Republic of China ("China" or the "PRC"):

**Party A:** **Beijing 58 Daojia Information Technology Co., Ltd.** (hereinafter "Pledgee"), a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Room D101A-123, Building B-2 of Zhongguancun Dongsheng Science Park, #66 Xixiaokou Road, Haidian District, Beijing;

**Party B:** **Jinbo Yao** (hereinafter "Pledgor"), a Chinese citizen with Chinese Identification No.: \_\_\_\_\_; and

**Party C:** **Tianjin 58 Daojia Home Services Co., Ltd.**, a limited liability company organized and existing under the laws of the PRC, with its address at Square block -901-918, #5 Meiyuan Road, Binhaigaoxin District, Tianjin.

In this Agreement, each of Pledgee, Pledgor and Party C shall be referred to as a "Party" respectively, and they shall be collectively referred to as the "Parties".

Whereas:

1. Pledgor is a citizen of China who as of the date hereof holds 1.4% of equity interests of Party C, representing RMB1,400,000 in the registered capital of Party C. Party C is a limited liability company registered in Beijing, China, engaging in residential service. Party C acknowledges the respective rights and obligations of Pledgor and Pledgee under this Agreement, and intends to provide any necessary assistance in registering the Pledge;
2. Pledgee is a wholly foreign-owned enterprise registered in China. Pledgee and Party C partially owned by Pledgor have executed an Exclusive Business Cooperation Agreement (as defined below) in Beijing; Party C, Pledgee and Pledgor have executed an Exclusive Option Agreement (as defined below); Pledgee and Pledgor have executed a Loan Agreement (as defined below); and Pledgor has executed a Power of Attorney to Pledgee.
3. To ensure that Party C and Pledgor fully perform their obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney, Pledgor hereby pledges to the Pledgee all of the equity interest he holds in Party C as security for Party C's and Pledgor's obligations under the Exclusive Business Cooperation Agreements, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney.

To perform the provisions of the Transaction Documents, the Parties have mutually agreed to execute this Agreement upon the following terms.

## 1. Definitions

Unless otherwise provided herein, the terms below shall have the following meanings:

- 1.1 Pledge: shall refer to the security interest granted by Pledgor to Pledgee pursuant to Article 2 of this Agreement, i.e., the right of Pledgee to be compensated on a preferential basis with the conversion, auction or sales price of the Equity Interest.
- 1.2 Equity Interest: shall refer to all of the equity interest now held and hereafter acquired by Pledgor in Party C.
- 1.3 Term of Pledge: shall refer to the term set forth in Section 3.2 of this Agreement.
- 1.4 Transaction Documents: shall refer to the Exclusive Business Cooperation Agreement executed by and between Party C and Pledgee on August 5, 2015 (the "Exclusive Business Cooperation Agreement"), the Exclusive Option Agreement executed by and among Party C, Pledgee and Pledgor on August 5, 2015 (the "Exclusive Option Agreement"), the Loan Agreement executed by and between Pledgee and Pledgor on August 5, 2015 (the "Loan Agreement"), Power of Attorney executed on August 5, 2015 by Pledgor (the "Power of Attorney") and any modification, amendment and restatement to the aforementioned documents.
- 1.5 Contract Obligation: shall refer to all the obligations of Pledgor under the Exclusive Option Agreement, the Power of Attorney, the Loan Agreement and this Agreement; all the obligations of Party C under the Exclusive Cooperation Agreement, the Exclusive Option Agreement and this Agreement.
- 1.6 Secured Indebtedness: shall refer to all the direct, indirect or derivative losses of Pledgee, including loss of expected profits, incurred as a result of any Event of Default (as defined below). The amount of such loss shall be based on, including but not limited to the reasonable business plan and profit forecast of Pledgee, the consulting and service fees payable to Pledgee under the Exclusive Business Cooperation Agreement and all expenses occurred in connection with enforcement by Pledgee of Pledgor's and/or Party C's Contract Obligation. The anticipated aggregate losses to be incurred hereunder are RMB1,000 million. Notwithstanding the forgoing, if the actual losses incurred exceed such anticipated amount, the Secured Indebtedness hereunder shall be the actual amount of such losses incurred.
- 1.7 Event of Default: shall refer to any of the circumstances set forth in Article 7 of this Agreement.
- 1.8 Notice of Default: shall refer to the notice issued by Pledgee in accordance with this Agreement declaring an Event of Default.

## **2. The Pledge**

- 2.1 Pledgor agrees to pledge all the Equity Interest as security for performance of the Contract Obligation and payment of the Secured Indebtedness under this Agreement. Party C hereby assents that Pledgor pledges the Equity Interest to the Pledgee pursuant to this Agreement.
- 2.2 During the term of the Pledge, Pledgee is entitled to receive dividends distributed on the Equity Interest. Pledgor may receive dividends distributed on the Equity Interest only with prior written consent from Pledgee. Dividends received by Pledgor on Equity Interest shall be, subject to requirement of Pledgee, (1) deposited into an account designated and supervised by Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to make any other payment; or (2) unconditionally give to Pledgee or any other person designated by Pledgee to the extent permitted under applicable PRC laws.
- 2.3 Pledgor may subscribe for capital increase in Party C only with prior written consent of Pledgee. Any equity interest obtained by the Pledgor in future capital increase shall be deemed as Equity Interest as well.
- 2.4 In the event that Party C is required by PRC law to be liquidated or dissolved, any interest distributed to Pledgor upon Party C's dissolution or liquidation shall be (1) deposited into an account designate and supervised by Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to make any other payment; or (2) unconditionally give to Pledgee or any other person designated by Pledgee to the extent permitted under applicable PRC laws.

## **3. Term of Pledge**

- 3.1 The Pledge shall become effective on such date when the pledge of the Equity Interest contemplated herein has been registered with relevant administration for industry and commerce (the "AIC"). The Pledge shall be continuously valid until all Contract Obligations and Secured Indebtedness have been fully performed and paid. Pledgor and Party C shall (1) register the Pledge in the shareholders' register of Party C within 3 business days following the execution of this Agreement, and (2) submit an application to the AIC for the registration of the Pledge of the Equity Interest contemplated herein within 30 business days following the execution of this Agreement. The parties covenant that for the purpose of registration of the Pledge, the parties hereto and all other shareholders of Party C shall submit to the AIC this Agreement or an equity interest pledge contract in the form required by the AIC at the location of Party C which shall truly reflect the information of the Pledge hereunder (the "AIC Pledge Contract"). For matters not specified in the AIC Pledge Contract, the parties shall be bound by the provisions of this Agreement. Pledgor and Party C shall submit all necessary documents and complete all necessary procedures, as required by the PRC laws and regulations and the relevant AIC, to ensure that the Pledge of the Equity Interest shall be registered with the AIC as soon as possible after filing.

3.2 During the Term of Pledge, in the event Pledgor and/or Party C fails to perform the Contract Obligation or pay Secured Indebtedness, Pledgee shall have the right, but not the obligation, to exercise the Pledge in accordance with the provisions of this Agreement.

#### **4. Custody of Records for Equity Interest subject to Pledge**

4.1 During the Term of Pledge set forth in this Agreement, Pledgor shall deliver to Pledgee's custody the capital contribution certificate for the Equity Interest and the shareholders' register containing the Pledge within one week from the execution of this Agreement. Pledgee shall have custody of such documents during the entire Term of Pledge set forth in this Agreement.

#### **5. Representations and Warranties of Pledgor and Party C**

As of the execution date of this Agreement, Pledgor and Party C hereby jointly and severally represent and warrant to Pledgee that:

5.1 Pledgor is the sole legal and beneficial owner of the Equity Interest.

5.2 Pledgee shall have the right to dispose of and transfer the Equity Interest in accordance with the provisions set forth in this Agreement.

5.3 Except for the Pledge, Pledgor has not placed any security interest or other encumbrance on the Equity Interest.

5.4 Pledgor and Party C have obtained any and all approvals and consents from applicable government authorities and third parties (if required) for execution, delivery and performance of this Agreement.

5.5 The execution, delivery and performance of this Agreement will not: (i) violate any relevant PRC laws; (ii) conflict with Party C's articles of association or other constitutional documents; (iii) result in any breach of or constitute any default under any contract or instrument to which it is a party or by which it is otherwise bound; (iv) result in any violation of any condition for the grant and/or maintenance of any permit or approval granted to any Party; or (v) cause any permit or approval granted to any Party to be suspended, cancelled or attached with additional conditions.

#### **6. Covenants of Pledgor and Party C**

6.1 Pledgor and Party C hereby jointly and severally covenant to the Pledgee:

6.1.1 Pledgor shall not transfer the Equity Interest, place or permit the existence of any security interest or other encumbrance on the Equity Interest or any portion thereof, without the prior written consent of Pledgee, except for the performance of the Transaction Documents;

- 6.1.2 Pledgor and Party C shall comply with the provisions of all laws and regulations applicable to the pledge of rights, and within 5 days of receipt of any notice, order or recommendation issued or prepared by relevant competent authorities regarding the Pledge, shall present the aforementioned notice, order or recommendation to Pledgee, and shall comply with the aforementioned notice, order or recommendation or submit objections and representations with respect to the aforementioned matters upon Pledgee's reasonable request or upon consent of Pledgee;
- 6.1.3 Pledgor and Party C shall promptly notify Pledgee of any event or notice received by Pledgor that may have an impact on Pledgee's rights to the Equity Interest or any portion thereof, as well as any event or notice received by Pledgor that may have an impact on any guarantees and other obligations of Pledgor arising out of this Agreement.
- 6.1.4 Party C shall complete the registration procedures for extension of the term of operation within three (3) months prior to the expiration of such term to maintain the validity of this Agreement.
- 6.2 Pledgor agrees that the rights acquired by Pledgee in accordance with this Agreement with respect to the Pledge shall not be interrupted or harmed by Pledgor or any heirs or representatives of Pledgor or any other persons through any legal proceedings.
- 6.3 To protect or perfect the security interest granted by this Agreement for the Contract Obligation and Secured Indebtedness, Pledgor hereby undertakes to execute in good faith and to cause other parties who have an interest in the Pledge to execute all certificates, agreements, deeds and/or covenants required by Pledgee. Pledgor also undertakes to perform and to cause other parties who have an interest in the Pledge to perform actions required by Pledgee, to facilitate the exercise by Pledgee of its rights and authority granted thereto by this Agreement, and to enter into all relevant documents regarding ownership of Equity Interest with Pledgee or designee(s) of Pledgee (natural persons/legal persons). Pledgor undertakes to provide Pledgee within a reasonable time with all notices, orders and decisions regarding the Pledge that are required by Pledgee.
- 6.4 Pledgor hereby undertakes to comply with and perform all guarantees, promises, agreements, representations and conditions under this Agreement. In the event of failure or partial performance of its guarantees, promises, agreements, representations and conditions, Pledgor shall indemnify Pledgee for all losses resulting therefrom.

## **7. Event of Breach**

7.4 The following circumstances shall be deemed Event of Default:

7.1.1 Pledgor's any breach to any obligations under the Transaction Documents and/or this Agreement.

7.1.2 Party C's any breach to any obligations under the Transaction Documents and/or this Agreement.

7.5 Upon notice or discovery of the occurrence of any circumstances or event that may lead to the aforementioned circumstances described in Section 7.1, Pledgor and Party C shall immediately notify Pledgee in writing accordingly.

7.6 Unless an Event of Default set forth in this Section 7.1 has been successfully resolved to Pledgee's satisfaction within twenty (20) days after the Pledgee and /or Party C delivers a notice to the Pledgor requesting ratification of such Event of Default, Pledgee may issue a Notice of Default to Pledgor in writing at any time thereafter, demanding the Pledgor to immediately exercise the Pledge in accordance with the provisions of Article 8 of this Agreement.

## **8. Exercise of Pledge**

8.1 Pledgee may issue a Notice of Default to Pledgor when exercising the Pledge.

8.2 Subject to the provisions of Section 7.3, Pledgee may exercise the right to enforce the Pledge at any time after the issuance of the Notice of Default in accordance with Section 8.1. Once Pledgee elects to enforce the Pledge, Pledgor shall cease to be entitled to any rights or interests associated with the Equity Interest.

8.3 After Pledgee issues a Notice of Default Pledgee in accordance with Section 8.1, Pledgee may exercise any remedy measure under applicable PRC laws, the Transaction Documents and this Agreement, including but not limited to be compensated in priority by the conversion of the Equity Pledge or from the proceeds from auction or sale of the Equity Interest. The Pledgee shall have no liability for any loss incurred by its duly exercise of such rights and powers.

8.4 The proceeds from exercise of the Pledge by Pledgee shall be used to pay for tax and expenses incurred by disposing the Equity Interest and perform Contract Obligations and pay the Secured Indebtedness prior and in preference to any other payment. After the payment of the aforementioned amounts, the remaining balance shall be returned to Pledgor or any other person who have rights to such balance under applicable laws or be deposited to the local notary public office where Pledgor resides, with all expense incurred being borne by Pledgor. To the extent permitted under applicable PRC laws, Pledgor shall unconditionally give the aforementioned proceeds to Pledgee or any other person designated by Pledgee.

- 8.5 Pledgee has the right to exercise any remedy measure available simultaneously or in any order. Pledgee may exercise the right to be compensated from in priority by the conversion of the Equity Pledge or from the proceeds from auction or sale of the Equity Interest under this Agreement, without exercising any other remedy measure first.
- 8.6 Pledgee is entitled to designate an attorney or other representatives to exercise the Pledge on its behalf and Pledgor and Party C shall not raise any objection to such exercise.
- 8.7 When Pledgee disposes of the Pledge in accordance with this Agreement, Pledgor and Party C shall provide necessary assistance to enable Pledgee to enforce the Pledge in accordance with this Agreement.

## **9. Breach of Agreement**

- 9.1 If Pledgor or Party C conducts any material breach of any term of this Agreement, Pledgee shall have right to terminate this Agreement and require Pledgor or Party C to compensate all damages; this Section 9 shall not prejudice any other rights of Pledgee herein;
- 9.2 If Pledgee conducts any breach of any term of this Agreement, Pledgor or Party C shall not terminate this Agreement in any event unless otherwise required by applicable laws.

## **10. Assignment**

- 10.1 Without Pledgee's prior written consent, Pledgor shall not have the right to assign or delegate its rights and obligations under this Agreement.
- 10.2 This Agreement shall be binding on Pledgor and its successors and permitted assigns, and shall be valid with respect to Pledgee and each of its successors and assigns.
- 10.3 At any time, Pledgee may assign any and all of its rights and obligations under the Transaction Documents to its designee(s), in which case the assigns shall have the rights and obligations of Pledgee under this Agreement, as if it were the original party to this Agreement. When the Pledgee assigns the rights and obligations under the Business Cooperation Agreement, upon Pledgee's request, Pledgor and/or Party C shall execute relevant agreements or other documents relating to such assignment.
- 10.4 In the event of a change in Pledgee due to an assignment, Pledgor and/or Party C shall, at the request of Pledgee, execute a new pledge agreement with the new pledgee on the same terms and conditions as this Agreement, and register the same with the relevant AIC.

10.5 Pledgor and Party C shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by the Parties hereto or any of them, including the Transaction Documents, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. Any remaining rights of Pledgor with respect to the Equity Interest pledged hereunder shall not be exercised by Pledgor except in accordance with the written instructions of Pledgee.

## **11. Termination**

11.1 Upon the fulfillment of all Contract Obligation and the full payment of all Secured Indebtedness by Pledgor and Party C, Pledgee shall release the Pledge under this Agreement upon Pledgor's request as soon as reasonably practicable and shall assist Pledgor to de-register the Pledge from the shareholders' register of Party C and with relevant PRC local administration for industry and commerce.

11.2 The provisions under Sections 9, 13, 14 and 11.2 herein of this Agreement shall survive the expiration or termination of this Agreement.

## **12. Handling Fees and Other Expenses**

All fees and out of pocket expenses relating to this Agreement, including but not limited to legal costs, costs of production, stamp tax and any other taxes and fees, shall be borne by Party C.

## **13. Confidentiality**

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, investors, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, investors, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the staff members or agencies hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

## **14. Governing Law and Resolution of Disputes**

14.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of China.

- 14.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its Arbitration Rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.
- 14.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

## 15. Notices

- 15.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such party set forth below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:
- 15.2 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery or refusal at the address specified for notices.
- 15.3 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).
- 15.4 For the purpose of notices, the addresses of the Parties are as follows:

**Party A: Beijing 58 Daojia Information Technology Co., Ltd.**  
Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

**Party B: Jinbo Yao**  
Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

**Party C:** **Tianjin 58 Daojia Home Services Co., Ltd.**  
Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

15.5 Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

**16. Severability**

In the event that one or several of the provisions of this Contract are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Contract shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

**17. Attachments**

The attachments set forth herein shall be an integral part of this Agreement.

**18. Effectiveness**

18.1 This Agreement shall become effective upon execution by the Parties.

18.2 Any amendments, changes and supplements to this Agreement shall be in writing and shall become effective upon completion of the governmental filing procedures (if applicable) after the affixation of the signatures or seals of the Parties.

**19. Language and Counterparts**

This Agreement is written in Chinese and English in four copies. Pledgor, Pledgee and Party C shall hold one copy respectively and the other copy shall be used for registration. Each copy of this Agreement shall have equal validity. In case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

*The Remainder of this page is intentionally left blank*

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Equity Interest Pledge Agreement as of the date first above written.

**Party A: Beijing 58 Daojia Information Technology Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

**Party B: Jinbo Yao**

By: /s/ Jinbo Yao

**Party C: Tianjin 58 Daojia Home Services Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

**Attachments:**

1. Shareholders' Register of Party C;
2. The Capital Contribution Certificate for Party C;
3. Exclusive Business Cooperation Agreement;
4. Loan Agreement;
5. Exclusive Option Agreement;
6. Power of Attorney.

## Equity Interest Pledge Agreement

This Equity Interest Pledge Agreement (this "Agreement") has been executed by and among the following parties on August 5, 2015 in Beijing, the People's Republic of China ("China" or the "PRC"):

**Party A:** **Beijing 58 Daojia Information Technology Co., Ltd.** (hereinafter "Pledgee"), a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Room D101A-123, Building B-2 of Zhongguancun Dongsheng Science Park, #66 Xixiaokou Road, Haidian District, Beijing;

**Party B:** **Ou Bai** (hereinafter "Pledgor"), a citizen of China with Chinese Identification No.: \_\_\_\_\_ ; and

**Party C:** **Tianjin 58 Daojia Home Services Co., Ltd.**, a limited liability company organized and existing under the laws of the PRC, with its address at Square block -901-918 , #5 Meiyuan Road , Binhaigaoxin District, Tianjin.

In this Agreement, each of Pledgee, Pledgor and Party C shall be referred to as a "Party" respectively, and they shall be collectively referred to as the "Parties".

Whereas:

1. Pledgor is a citizen of China who as of the date hereof holds 2.3% of equity interests of Party C, representing RMB2,300,000 in the registered capital of Party C. Party C is a limited liability company registered in Beijing, China, engaging in Internet information services and consulting services. Party C acknowledges the respective rights and obligations of Pledgor and Pledgee under this Agreement, and intends to provide any necessary assistance in registering the Pledge;
2. Pledgee is a wholly foreign-owned enterprise registered in China. Pledgee and Party C partially owned by Pledgor have executed an Exclusive Business Cooperation Agreement (as defined below) in Beijing; Party C, Pledgee and Pledgor have executed an Exclusive Option Agreement (as defined below); Pledgee and Pledgor have executed a Loan Agreement (as defined below); and Pledgor has executed a Power of Attorney to Pledgee.
3. To ensure that Party C and Pledgor fully perform their obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney, Pledgor hereby pledges to the Pledgee all of the equity interest he holds in Party C as security for Party C's and Pledgor's obligations under the Exclusive Business Cooperation Agreements, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney.

To perform the provisions of the Transaction Documents, the Parties have mutually agreed to execute this Agreement upon the following terms.

## 1. Definitions

Unless otherwise provided herein, the terms below shall have the following meanings:

- 1.1 Pledge: shall refer to the security interest granted by Pledgor to Pledgee pursuant to Article 2 of this Agreement, i.e., the right of Pledgee to be compensated on a preferential basis with the conversion, auction or sales price of the Equity Interest.
- 1.2 Equity Interest: shall refer to all of the equity interest now held and hereafter acquired by Pledgor in Party C.
- 1.3 Term of Pledge: shall refer to the term set forth in Section 3.2 of this Agreement.
- 1.4 Transaction Documents: shall refer to the Exclusive Business Cooperation Agreement executed by and between Party C and Pledgee on August 5, 2015 (the "Exclusive Business Cooperation Agreement"), the Exclusive Option Agreement executed by and among Party C, Pledgee and Pledgor on August 5, 2015 (the "Exclusive Option Agreement"), the Loan Agreement executed by and between Pledgee and Pledgor on August 5, 2015 (the "Loan Agreement"), Power of Attorney executed on August 5, 2015 by Pledgor (the "Power of Attorney") and any modification, amendment and restatement to the aforementioned documents.
- 1.5 Contract Obligation: shall refer to all the obligations of Pledgor under the Exclusive Option Agreement, the Power of Attorney, the Loan Agreement and this Agreement; all the obligations of Party C under the Exclusive Cooperation Agreement, the Exclusive Option Agreement and this Agreement.
- 1.6 Secured Indebtedness: shall refer to all the direct, indirect or derivative losses of Pledgee, including loss of expected profits, incurred as a result of any Event of Default (as defined below). The amount of such loss shall be based on, including but not limited to the reasonable business plan and profit forecast of Pledgee, the consulting and service fees payable to Pledgee under the Exclusive Business Cooperation Agreement and all expenses occurred in connection with enforcement by Pledgee of Pledgor's and/or Party C's Contract Obligation.
- 1.7 Event of Default: shall refer to any of the circumstances set forth in Article 7 of this Agreement.
- 1.8 Notice of Default: shall refer to the notice issued by Pledgee in accordance with this Agreement declaring an Event of Default.

## **2. The Pledge**

- 2.1 Pledgor agrees to pledge all the Equity Interest as security for performance of the Contract Obligation and payment of the Secured Indebtedness under this Agreement. Party C hereby assents that Pledgor pledges the Equity Interest to the Pledgee pursuant to this Agreement.
- 2.2 During the term of the Pledge, Pledgee is entitled to receive dividends distributed on the Equity Interest. Pledgor may receive dividends distributed on the Equity Interest only with prior written consent from Pledgee. Dividends received by Pledgor on Equity Interest shall be, subject to requirement of Pledgee, (1) deposited into an account designated and supervised by Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to make any other payment; or (2) unconditionally give to Pledgee or any other person designated by Pledgee to the extent permitted under applicable PRC laws.
- 2.3 Pledgor may subscribe for capital increase in Party C only with prior written consent of Pledgee. Any equity interest obtained by the Pledgor in future capital increase shall be deemed as Equity Interest as well.
- 2.4 In the event that Party C is required by PRC law to be liquidated or dissolved, any interest distributed to Pledgor upon Party C's dissolution or liquidation shall be (1) deposited into an account designate and supervised by Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to make any other payment; or (2) unconditionally give to Pledgee or any other person designated by Pledgee to the extent permitted under applicable PRC laws.

## **3. Term of Pledge**

- 3.1 The Pledge shall become effective on such date when the pledge of the Equity Interest contemplated herein has been registered with relevant administration for industry and commerce (the "AIC"). The Pledge shall be continuously valid until all Contract Obligations and Secured Indebtedness have been fully performed and paid. Pledgor and Party C shall (1) register the Pledge in the shareholders' register of Party C within 3 business days following the execution of this Agreement, and (2) submit an application to the AIC for the registration of the Pledge of the Equity Interest contemplated herein within 30 business days following the execution of this Agreement. The parties covenant that for the purpose of registration of the Pledge, the parties hereto and all other shareholders of Party C shall submit to the AIC this Agreement or an equity interest pledge contract in the form required by the AIC at the location of Party C which shall truly reflect the information of the Pledge hereunder (the "AIC Pledge Contract"). For matters not specified in the AIC Pledge Contract, the parties shall be bound by the provisions of this Agreement. Pledgor and Party C shall submit all necessary documents and complete all necessary procedures, as required by the PRC laws and regulations and the relevant AIC, to ensure that the Pledge of the Equity Interest shall be registered with the AIC as soon as possible after filing.

3.2 During the Term of Pledge, in the event Pledgor and/or Party C fails to perform the Contract Obligation or pay Secured Indebtedness, Pledgee shall have the right, but not the obligation, to exercise the Pledge in accordance with the provisions of this Agreement.

#### **4. Custody of Records for Equity Interest subject to Pledge**

4.1 During the Term of Pledge set forth in this Agreement, Pledgor shall deliver to Pledgee's custody the capital contribution certificate for the Equity Interest and the shareholders' register containing the Pledge within one week from the execution of this Agreement. Pledgee shall have custody of such documents during the entire Term of Pledge set forth in this Agreement.

#### **5. Representations and Warranties of Pledgor and Party C**

As of the execution date of this Agreement, Pledgor and Party C hereby jointly and severally represent and warrant to Pledgee that:

5.1 Pledgor is the sole legal and beneficial owner of the Equity Interest.

5.2 Pledgee shall have the right to dispose of and transfer the Equity Interest in accordance with the provisions set forth in this Agreement.

5.3 Except for the Pledge, Pledgor has not placed any security interest or other encumbrance on the Equity Interest.

5.4 Pledgor and Party C have obtained any and all approvals and consents from applicable government authorities and third parties (if required) for execution, delivery and performance of this Agreement.

5.5 The execution, delivery and performance of this Agreement will not: (i) violate any relevant PRC laws; (ii) conflict with Party C's articles of association or other constitutional documents; (iii) result in any breach of or constitute any default under any contract or instrument to which it is a party or by which it is otherwise bound; (iv) result in any violation of any condition for the grant and/or maintenance of any permit or approval granted to any Party; or (v) cause any permit or approval granted to any Party to be suspended, cancelled or attached with additional conditions.

#### **6. Covenants of Pledgor and Party C**

6.1 Pledgor and Party C hereby jointly and severally covenant to the Pledgee:

6.1.1 Pledgor shall not transfer the Equity Interest, place or permit the existence of any security interest or other encumbrance on the Equity Interest or any portion thereof, without the prior written consent of Pledgee, except for the performance of the Transaction Documents;

- 6.1.2 Pledgor and Party C shall comply with the provisions of all laws and regulations applicable to the pledge of rights, and within 5 days of receipt of any notice, order or recommendation issued or prepared by relevant competent authorities regarding the Pledge, shall present the aforementioned notice, order or recommendation to Pledgee, and shall comply with the aforementioned notice, order or recommendation or submit objections and representations with respect to the aforementioned matters upon Pledgee's reasonable request or upon consent of Pledgee;
- 6.1.3 Pledgor and Party C shall promptly notify Pledgee of any event or notice received by Pledgor that may have an impact on Pledgee's rights to the Equity Interest or any portion thereof, as well as any event or notice received by Pledgor that may have an impact on any guarantees and other obligations of Pledgor arising out of this Agreement.
- 6.1.4 Party C shall complete the registration procedures for extension of the term of operation within three (3) months prior to the expiration of such term to maintain the validity of this Agreement.
- 6.2 Pledgor agrees that the rights acquired by Pledgee in accordance with this Agreement with respect to the Pledge shall not be interrupted or harmed by Pledgor or any heirs or representatives of Pledgor or any other persons through any legal proceedings.
- 6.3 To protect or perfect the security interest granted by this Agreement for the Contract Obligation and Secured Indebtedness, Pledgor hereby undertakes to execute in good faith and to cause other parties who have an interest in the Pledge to execute all certificates, agreements, deeds and/or covenants required by Pledgee. Pledgor also undertakes to perform and to cause other parties who have an interest in the Pledge to perform actions required by Pledgee, to facilitate the exercise by Pledgee of its rights and authority granted thereto by this Agreement, and to enter into all relevant documents regarding ownership of Equity Interest with Pledgee or designee(s) of Pledgee (natural persons/legal persons). Pledgor undertakes to provide Pledgee within a reasonable time with all notices, orders and decisions regarding the Pledge that are required by Pledgee.
- 6.4 Pledgor hereby undertakes to comply with and perform all guarantees, promises, agreements, representations and conditions under this Agreement. In the event of failure or partial performance of its guarantees, promises, agreements, representations and conditions, Pledgor shall indemnify Pledgee for all losses resulting therefrom.

## **7. Event of Breach**

7.1 The following circumstances shall be deemed Event of Default:

7.1.1 Pledgor's any breach to any obligations under the Transaction Documents and/or this Agreement.

7.1.2 Party C's any breach to any obligations under the Transaction Documents and/or this Agreement.

7.2 Upon notice or discovery of the occurrence of any circumstances or event that may lead to the aforementioned circumstances described in Section 7.1, Pledgor and Party C shall immediately notify Pledgee in writing accordingly.

7.3 Unless an Event of Default set forth in this Section 7.1 has been successfully resolved to Pledgee's satisfaction within twenty (20) days after the Pledgee and /or Party C delivers a notice to the Pledgor requesting ratification of such Event of Default, Pledgee may issue a Notice of Default to Pledgor in writing at any time thereafter, demanding the Pledgor to immediately exercise the Pledge in accordance with the provisions of Article 8 of this Agreement.

## **8. Exercise of Pledge**

8.1 Pledgee may issue a Notice of Default to Pledgor when exercising the Pledge.

8.2 Subject to the provisions of Section 7.3, Pledgee may exercise the right to enforce the Pledge at any time after the issuance of the Notice of Default in accordance with Section 8.1. Once Pledgee elects to enforce the Pledge, Pledgor shall cease to be entitled to any rights or interests associated with the Equity Interest.

8.3 After Pledgee issues a Notice of Default Pledgee in accordance with Section 8.1, Pledgee may exercise any remedy measure under applicable PRC laws, the Transaction Documents and this Agreement, including but not limited to be compensated in priority by the conversion of the Equity Pledge or from the proceeds from auction or sale of the Equity Interest. The Pledgee shall have no liability for any loss incurred by its duly exercise of such rights and powers.

8.4 The proceeds from exercise of the Pledge by Pledgee shall be used to pay for tax and expenses incurred by disposing the Equity Interest and perform Contract Obligations and pay the Secured Indebtedness prior and in preference to any other payment. After the payment of the aforementioned amounts, the remaining balance shall be returned to Pledgor or any other person who have rights to such balance under applicable laws or be deposited to the local notary public office where Pledgor resides, with all expense incurred being borne by Pledgor. To the extent permitted under applicable PRC laws, Pledgor shall unconditionally give the aforementioned proceeds to Pledgee or any other person designated by Pledgee.

- 8.5 Pledgee has the right to exercise any remedy measure available simultaneously or in any order. Pledgee may exercise the right to be compensated from in priority by the conversion of the Equity Pledge or from the proceeds from auction or sale of the Equity Interest under this Agreement, without exercising any other remedy measure first.
- 8.6 Pledgee is entitled to designate an attorney or other representatives to exercise the Pledge on its behalf and Pledgor and Party C shall not raise any objection to such exercise.
- 8.7 When Pledgee disposes of the Pledge in accordance with this Agreement, Pledgor and Party C shall provide necessary assistance to enable Pledgee to enforce the Pledge in accordance with this Agreement.

## **9. Breach of Agreement**

- 9.1 If Pledgor or Party C conducts any material breach of any term of this Agreement, Pledgee shall have right to terminate this Agreement and require Pledgor or Party C to compensate all damages; this Section 9 shall not prejudice any other rights of Pledgee herein;
- 9.2 If Pledgee conducts any breach of any term of this Agreement, Pledgor or Party C shall not terminate this Agreement in any event unless otherwise required by applicable laws.

## **10. Assignment**

- 10.1 Without Pledgee's prior written consent, Pledgor shall not have the right to assign or delegate its rights and obligations under this Agreement.
- 10.2 This Agreement shall be binding on Pledgor and its successors and permitted assigns, and shall be valid with respect to Pledgee and each of its successors and assigns.
- 10.3 At any time, Pledgee may assign any and all of its rights and obligations under the Transaction Documents to its designee(s), in which case the assigns shall have the rights and obligations of Pledgee under this Agreement, as if it were the original party to this Agreement. When the Pledgee assigns the rights and obligations under the Business Cooperation Agreement, upon Pledgee's request, Pledgor and/or Party C shall execute relevant agreements or other documents relating to such assignment.
- 10.4 In the event of a change in Pledgee due to an assignment, Pledgor and/or Party C shall, at the request of Pledgee, execute a new pledge agreement with the new pledgee on the same terms and conditions as this Agreement, and register the same with the relevant AIC.

10.5 Pledgor and Party C shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by the Parties hereto or any of them, including the Transaction Documents, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. Any remaining rights of Pledgor with respect to the Equity Interest pledged hereunder shall not be exercised by Pledgor except in accordance with the written instructions of Pledgee.

## **11. Termination**

11.1 Upon the fulfillment of all Contract Obligation and the full payment of all Secured Indebtedness by Pledgor and Party C, Pledgee shall release the Pledge under this Agreement upon Pledgor's request as soon as reasonably practicable and shall assist Pledgor to de-register the Pledge from the shareholders' register of Party C and with relevant PRC local administration for industry and commerce.

11.2 The provisions under Sections 9, 13, 14 and 11.2 herein of this Agreement shall survive the expiration or termination of this Agreement.

## **12. Handling Fees and Other Expenses**

All fees and out of pocket expenses relating to this Agreement, including but not limited to legal costs, costs of production, stamp tax and any other taxes and fees, shall be borne by Party C.

## **13. Confidentiality**

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, investors, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, investors, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the staff members or agencies hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

#### 14. Governing Law and Resolution of Disputes

- 14.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of China.
- 14.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its Arbitration Rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.
- 14.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

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- 15.2 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery or refusal at the address specified for notices.
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- 15.4 For the purpose of notices, the addresses of the Parties are as follows:

**Party A: Beijing 58 Daojia Information Technology Co., Ltd.**  
Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

**Party B: Ou Bai**  
Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

**Party C: Tianjin 58 Daojia Home Services Co., Ltd.**

Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing

Attn: Jinbo Yao

Phone: +8610 64435588-8888

Facsimile: +8610-64459926

15.5 Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

**16. Severability**

In the event that one or several of the provisions of this Contract are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Contract shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

**17. Attachments**

The attachments set forth herein shall be an integral part of this Agreement.

**18. Effectiveness**

18.1 This Agreement shall become effective upon execution by the Parties.

18.2 Any amendments, changes and supplements to this Agreement shall be in writing and shall become effective upon completion of the governmental filing procedures (if applicable) after the affixation of the signatures or seals of the Parties.

**19. Language and Counterparts**

This Agreement is written in Chinese and English in four copies. Pledgor, Pledgee and Party C shall hold one copy respectively and the other copy shall be used for registration. Each copy of this Agreement shall have equal validity. In case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

*The Remainder of this page is intentionally left blank*

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Equity Interest Pledge Agreement as of the date first above written.

**Party A: Beijing 58 Daojia Information Technology Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

**Party B: Ou Bai**

By: /s/ Ou Bai

**Party C: Tianjin 58 Daojia Home Services Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

**Attachments:**

1. Shareholders' Register of Party C;
2. The Capital Contribution Certificate for Party C;
3. Exclusive Business Cooperation Agreement;
4. Loan Agreement;
5. Exclusive Option Agreement;
6. Power of Attorney.

## Equity Interest Pledge Agreement

This Equity Interest Pledge Agreement (this "Agreement") has been executed by and among the following parties on August 5, 2015 in Beijing, the People's Republic of China ("China" or the "PRC"):

**Party A:** **Beijing 58 Daojia Information Technology Co., Ltd.** (hereinafter "Pledgee"), a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Room D101A-123, Building B-2 of Zhongguancun Dongsheng Science Park, #66 Xixiaokou Road, Haidian District, Beijing;

**Party B:** **Xiaohua Chen** (hereinafter "Pledgor"), a citizen of China with Chinese Identification No.: \_\_\_\_\_; and

**Party C:** **Tianjin 58 Daojia Home Services Co., Ltd.**, a limited liability company organized and existing under the laws of the PRC, with its address at Square block -901-918, #5 Meiyuan Road, Binhaigaoxin District, Tianjin.

In this Agreement, each of Pledgee, Pledgor and Party C shall be referred to as a "Party" respectively, and they shall be collectively referred to as the "Parties".

Whereas:

1. Pledgor is a citizen of China who as of the date hereof holds 4.5% of equity interests of Party C, representing RMB4,500,000 in the registered capital of Party C. Party C is a limited liability company registered in Beijing, China, engaging in Internet information services and advertising services. Party C acknowledges the respective rights and obligations of Pledgor and Pledgee under this Agreement, and intends to provide any necessary assistance in registering the Pledge;
2. Pledgee is a wholly foreign-owned enterprise registered in China. Pledgee and Party C partially owned by Pledgor have executed an Exclusive Business Cooperation Agreement (as defined below) in Beijing; Party C, Pledgee and Pledgor have executed an Exclusive Option Agreement (as defined below); Pledgee and Pledgor have executed a Loan Agreement (as defined below); and Pledgor has executed a Power of Attorney to Pledgee.
3. To ensure that Party C and Pledgor fully perform their obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney, Pledgor hereby pledges to the Pledgee all of the equity interest he holds in Party C as security for Party C's and Pledgor's obligations under the Exclusive Business Cooperation Agreements, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney.

To perform the provisions of the Transaction Documents, the Parties have mutually agreed to execute this Agreement upon the following terms.

## 1. Definitions

Unless otherwise provided herein, the terms below shall have the following meanings:

- 1.1 Pledge: shall refer to the security interest granted by Pledgor to Pledgee pursuant to Article 2 of this Agreement, i.e., the right of Pledgee to be compensated on a preferential basis with the conversion, auction or sales price of the Equity Interest.
- 1.2 Equity Interest: shall refer to all of the equity interest now held and hereafter acquired by Pledgor in Party C.
- 1.3 Term of Pledge: shall refer to the term set forth in Section 3.2 of this Agreement.
- 1.4 Transaction Documents: shall refer to the Exclusive Business Cooperation Agreement executed by and between Party C and Pledgee on August 5, 2015 (the "Exclusive Business Cooperation Agreement"), the Exclusive Option Agreement executed by and among Party C, Pledgee and Pledgor on August 5, 2015 (the "Exclusive Option Agreement"), the Loan Agreement executed by and between Pledgee and Pledgor on August 5, 2015 (the "Loan Agreement"), Power of Attorney executed on August 5, 2015 by Pledgor (the "Power of Attorney") and any modification, amendment and restatement to the aforementioned documents.
- 1.5 Contract Obligation: shall refer to all the obligations of Pledgor under the Exclusive Option Agreement, the Power of Attorney, the Loan Agreement and this Agreement; all the obligations of Party C under the Exclusive Cooperation Agreement, the Exclusive Option Agreement and this Agreement.
- 1.6 Secured Indebtedness: shall refer to all the direct, indirect or derivative losses of Pledgee, including loss of expected profits, incurred as a result of any Event of Default (as defined below). The amount of such loss shall be based on, including but not limited to the reasonable business plan and profit forecast of Pledgee, the consulting and service fees payable to Pledgee under the Exclusive Business Cooperation Agreement and all expenses occurred in connection with enforcement by Pledgee of Pledgor's and/or Party C's Contract Obligation. The anticipated aggregate losses to be incurred hereunder are RMB1,000 million. Notwithstanding the forgoing, if the actual losses incurred exceed such anticipated amount, the Secured Indebtedness hereunder shall be the actual amount of such losses incurred.
- 1.7 Event of Default: shall refer to any of the circumstances set forth in Article 7 of this Agreement.
- 1.8 Notice of Default: shall refer to the notice issued by Pledgee in accordance with this Agreement declaring an Event of Default.

## **2. The Pledge**

- 2.1 Pledgor agrees to pledge all the Equity Interest as security for performance of the Contract Obligation and payment of the Secured Indebtedness under this Agreement. Party C hereby assents that Pledgor pledges the Equity Interest to the Pledgee pursuant to this Agreement.
- 2.2 During the term of the Pledge, Pledgee is entitled to receive dividends distributed on the Equity Interest. Pledgor may receive dividends distributed on the Equity Interest only with prior written consent from Pledgee. Dividends received by Pledgor on Equity Interest shall be, subject to requirement of Pledgee, (1) deposited into an account designated and supervised by Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to make any other payment; or (2) unconditionally give to Pledgee or any other person designated by Pledgee to the extent permitted under applicable PRC laws.
- 2.3 Pledgor may subscribe for capital increase in Party C only with prior written consent of Pledgee. Any equity interest obtained by the Pledgor in future capital increase shall be deemed as Equity Interest as well.
- 2.4 In the event that Party C is required by PRC law to be liquidated or dissolved, any interest distributed to Pledgor upon Party C's dissolution or liquidation shall be (1) deposited into an account designate and supervised by Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to make any other payment; or (2) unconditionally give to Pledgee or any other person designated by Pledgee to the extent permitted under applicable PRC laws.

## **3. Term of Pledge**

- 3.1 The Pledge shall become effective on such date when the pledge of the Equity Interest contemplated herein has been registered with relevant administration for industry and commerce (the "AIC"). The Pledge shall be continuously valid until all Contract Obligations and Secured Indebtedness have been fully performed and paid. Pledgor and Party C shall (1) register the Pledge in the shareholders' register of Party C within 3 business days following the execution of this Agreement, and (2) submit an application to the AIC for the registration of the Pledge of the Equity Interest contemplated herein within 30 business days following the execution of this Agreement. The parties covenant that for the purpose of registration of the Pledge, the parties hereto and all other shareholders of Party C shall submit to the AIC this Agreement or an equity interest pledge contract in the form required by the AIC at the location of Party C which shall truly reflect the information of the Pledge hereunder (the "AIC Pledge Contract"). For matters not specified in the AIC Pledge Contract, the parties shall be bound by the provisions of this Agreement. Pledgor and Party C shall submit all necessary documents and complete all necessary procedures, as required by the PRC laws and regulations and the relevant AIC, to ensure that the Pledge of the Equity Interest shall be registered with the AIC as soon as possible after filing.

3.2 During the Term of Pledge, in the event Pledgor and/or Party C fails to perform the Contract Obligation or pay Secured Indebtedness, Pledgee shall have the right, but not the obligation, to exercise the Pledge in accordance with the provisions of this Agreement.

**4. Custody of Records for Equity Interest subject to Pledge**

4.1 During the Term of Pledge set forth in this Agreement, Pledgor shall deliver to Pledgee's custody the capital contribution certificate for the Equity Interest and the shareholders' register containing the Pledge within one week from the execution of this Agreement. Pledgee shall have custody of such documents during the entire Term of Pledge set forth in this Agreement.

**5. Representations and Warranties of Pledgor and Party C**

As of the execution date of this Agreement, Pledgor and Party C hereby jointly and severally represent and warrant to Pledgee that:

5.1 Pledgor is the sole legal and beneficial owner of the Equity Interest.

5.2 Pledgee shall have the right to dispose of and transfer the Equity Interest in accordance with the provisions set forth in this Agreement.

5.3 Except for the Pledge, Pledgor has not placed any security interest or other encumbrance on the Equity Interest.

5.4 Pledgor and Party C have obtained any and all approvals and consents from applicable government authorities and third parties (if required) for execution, delivery and performance of this Agreement.

5.5 The execution, delivery and performance of this Agreement will not: (i) violate any relevant PRC laws; (ii) conflict with Party C's articles of association or other constitutional documents; (iii) result in any breach of or constitute any default under any contract or instrument to which it is a party or by which it is otherwise bound; (iv) result in any violation of any condition for the grant and/or maintenance of any permit or approval granted to any Party; or (v) cause any permit or approval granted to any Party to be suspended, cancelled or attached with additional conditions.

## 6. Covenants of Pledgor and Party C

- 6.1 Pledgor and Party C hereby jointly and severally covenant to the Pledgee:
- 6.1.1 Pledgor shall not transfer the Equity Interest, place or permit the existence of any security interest or other encumbrance on the Equity Interest or any portion thereof, without the prior written consent of Pledgee, except for the performance of the Transaction Documents;
  - 6.1.2 Pledgor and Party C shall comply with the provisions of all laws and regulations applicable to the pledge of rights, and within 5 days of receipt of any notice, order or recommendation issued or prepared by relevant competent authorities regarding the Pledge, shall present the aforementioned notice, order or recommendation to Pledgee, and shall comply with the aforementioned notice, order or recommendation or submit objections and representations with respect to the aforementioned matters upon Pledgee's reasonable request or upon consent of Pledgee;
  - 6.1.3 Pledgor and Party C shall promptly notify Pledgee of any event or notice received by Pledgor that may have an impact on Pledgee's rights to the Equity Interest or any portion thereof, as well as any event or notice received by Pledgor that may have an impact on any guarantees and other obligations of Pledgor arising out of this Agreement.
  - 6.1.4 Party C shall complete the registration procedures for extension of the term of operation within three (3) months prior to the expiration of such term to maintain the validity of this Agreement.
- 6.2 Pledgor agrees that the rights acquired by Pledgee in accordance with this Agreement with respect to the Pledge shall not be interrupted or harmed by Pledgor or any heirs or representatives of Pledgor or any other persons through any legal proceedings.
- 6.3 To protect or perfect the security interest granted by this Agreement for the Contract Obligation and Secured Indebtedness, Pledgor hereby undertakes to execute in good faith and to cause other parties who have an interest in the Pledge to execute all certificates, agreements, deeds and/or covenants required by Pledgee. Pledgor also undertakes to perform and to cause other parties who have an interest in the Pledge to perform actions required by Pledgee, to facilitate the exercise by Pledgee of its rights and authority granted thereto by this Agreement, and to enter into all relevant documents regarding ownership of Equity Interest with Pledgee or designee(s) of Pledgee (natural persons/legal persons). Pledgor undertakes to provide Pledgee within a reasonable time with all notices, orders and decisions regarding the Pledge that are required by Pledgee.
- 6.4 Pledgor hereby undertakes to comply with and perform all guarantees, promises, agreements, representations and conditions under this Agreement. In the event of failure or partial performance of its guarantees, promises, agreements, representations and conditions, Pledgor shall indemnify Pledgee for all losses resulting therefrom.

## **7. Event of Breach**

7.1 The following circumstances shall be deemed Event of Default:

7.1.1 Pledgor's any breach to any obligations under the Transaction Documents and/or this Agreement.

7.1.2 Party C's any breach to any obligations under the Transaction Documents and/or this Agreement.

7.2 Upon notice or discovery of the occurrence of any circumstances or event that may lead to the aforementioned circumstances described in Section 7.1, Pledgor and Party C shall immediately notify Pledgee in writing accordingly.

7.3 Unless an Event of Default set forth in this Section 7.1 has been successfully resolved to Pledgee's satisfaction within twenty (20) days after the Pledgee and /or Party C delivers a notice to the Pledgor requesting ratification of such Event of Default, Pledgee may issue a Notice of Default to Pledgor in writing at any time thereafter, demanding the Pledgor to immediately exercise the Pledge in accordance with the provisions of Article 8 of this Agreement.

## **8. Exercise of Pledge**

8.1 Pledgee may issue a Notice of Default to Pledgor when exercising the Pledge.

8.2 Subject to the provisions of Section 7.3, Pledgee may exercise the right to enforce the Pledge at any time after the issuance of the Notice of Default in accordance with Section 8.1. Once Pledgee elects to enforce the Pledge, Pledgor shall cease to be entitled to any rights or interests associated with the Equity Interest.

8.3 After Pledgee issues a Notice of Default Pledgee in accordance with Section 8.1, Pledgee may exercise any remedy measure under applicable PRC laws, the Transaction Documents and this Agreement, including but not limited to be compensated in priority by the conversion of the Equity Pledge or from the proceeds from auction or sale of the Equity Interest. The Pledgee shall have no liability for any loss incurred by its duly exercise of such rights and powers.

8.4 The proceeds from exercise of the Pledge by Pledgee shall be used to pay for tax and expenses incurred by disposing the Equity Interest and perform Contract Obligations and pay the Secured Indebtedness prior and in preference to any other payment. After the payment of the aforementioned amounts, the remaining balance shall be returned to Pledgor or any other person who have rights to such balance under applicable laws or be deposited to the local notary public office where Pledgor resides, with all expense incurred being borne by Pledgor. To the extent permitted under applicable PRC laws, Pledgor shall unconditionally give the aforementioned proceeds to Pledgee or any other person designated by Pledgee.

- 8.5 Pledgee has the right to exercise any remedy measure available simultaneously or in any order. Pledgee may exercise the right to be compensated from in priority by the conversion of the Equity Pledge or from the proceeds from auction or sale of the Equity Interest under this Agreement, without exercising any other remedy measure first.
- 8.6 Pledgee is entitled to designate an attorney or other representatives to exercise the Pledge on its behalf and Pledgor and Party C shall not raise any objection to such exercise.
- 8.7 When Pledgee disposes of the Pledge in accordance with this Agreement, Pledgor and Party C shall provide necessary assistance to enable Pledgee to enforce the Pledge in accordance with this Agreement.

## **9. Breach of Agreement**

- 9.1 If Pledgor or Party C conducts any material breach of any term of this Agreement, Pledgee shall have right to terminate this Agreement and require Pledgor or Party C to compensate all damages; this Section 9 shall not prejudice any other rights of Pledgee herein;
- 9.2 If Pledgee conducts any breach of any term of this Agreement, Pledgor or Party C shall not terminate this Agreement in any event unless otherwise required by applicable laws.

## **10. Assignment**

- 10.1 Without Pledgee's prior written consent, Pledgor shall not have the right to assign or delegate its rights and obligations under this Agreement.
- 10.2 This Agreement shall be binding on Pledgor and its successors and permitted assigns, and shall be valid with respect to Pledgee and each of its successors and assigns.
- 10.3 At any time, Pledgee may assign any and all of its rights and obligations under the Transaction Documents to its designee(s), in which case the assigns shall have the rights and obligations of Pledgee under this Agreement, as if it were the original party to this Agreement. When the Pledgee assigns the rights and obligations under the Business Cooperation Agreement, upon Pledgee's request, Pledgor and/or Party C shall execute relevant agreements or other documents relating to such assignment.
- 10.4 In the event of a change in Pledgee due to an assignment, Pledgor and/or Party C shall, at the request of Pledgee, execute a new pledge agreement with the new pledgee on the same terms and conditions as this Agreement, and register the same with the relevant AIC.

10.5 Pledgor and Party C shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by the Parties hereto or any of them, including the Transaction Documents, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. Any remaining rights of Pledgor with respect to the Equity Interest pledged hereunder shall not be exercised by Pledgor except in accordance with the written instructions of Pledgee.

## **11. Termination**

11.1 Upon the fulfillment of all Contract Obligation and the full payment of all Secured Indebtedness by Pledgor and Party C, Pledgee shall release the Pledge under this Agreement upon Pledgor's request as soon as reasonably practicable and shall assist Pledgor to de-register the Pledge from the shareholders' register of Party C and with relevant PRC local administration for industry and commerce.

11.2 The provisions under Sections 9, 13, 14 and 11.2 herein of this Agreement shall survive the expiration or termination of this Agreement.

## **12. Handling Fees and Other Expenses**

All fees and out of pocket expenses relating to this Agreement, including but not limited to legal costs, costs of production, stamp tax and any other taxes and fees, shall be borne by Party C.

## **13. Confidentiality**

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, investors, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, investors, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the staff members or agencies hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

#### 14. Governing Law and Resolution of Disputes

- 14.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of China.
- 14.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its Arbitration Rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.
- 14.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

#### 15. Notices

- 15.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such party set forth below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:
- 15.2 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery or refusal at the address specified for notices.
- 15.3 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).
- 15.4 For the purpose of notices, the addresses of the Parties are as follows:

|                 |  |
|-----------------|--|
| <b>Party A:</b> | <b>Beijing 58 Daojia Information Technology Co., Ltd.</b>  |
| Address:        | Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing |
| Attn:           | Jinbo Yao  |
| Phone:          | +8610 64435588-8888  |
| Facsimile:      | +8610-64459926   |

**Party B: Xiaohua Chen**  
Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

**Party C: Tianjin 58 Daojia Home Services Co., Ltd.**  
Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

15.5 Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

## **16. Severability**

In the event that one or several of the provisions of this Contract are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Contract shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

## **17. Attachments**

The attachments set forth herein shall be an integral part of this Agreement.

## **18. Effectiveness**

18.1 This Agreement shall become effective upon execution by the Parties.

18.2 Any amendments, changes and supplements to this Agreement shall be in writing and shall become effective upon completion of the governmental filing procedures (if applicable) after the affixation of the signatures or seals of the Parties.

## **19. Language and Counterparts**

This Agreement is written in Chinese and English in four copies. Pledgor, Pledgee and Party C shall hold one copy respectively and the other copy shall be used for registration. Each copy of this Agreement shall have equal validity. In case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

*The Remainder of this page is intentionally left blank*

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Equity Interest Pledge Agreement as of the date first above written.

**Party A: Beijing 58 Daojia Information Technology Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

**Party B: Xiaohua Chen**

By: /s/ Xiaohua Chen

**Party C: Tianjin 58 Daojia Home Services Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

**Attachments:**

1. Shareholders' Register of Party C;
2. The Capital Contribution Certificate for Party C;
3. Exclusive Business Cooperation Agreement;
4. Loan Agreement;
5. Exclusive Option Agreement;
6. Power of Attorney.

### Exclusive Option Agreement

This (this "Agreement") is executed by and among the following Parties as of the 5<sup>th</sup> day of August, 2015 in Beijing, the People's Republic of China ("China" or the "PRC"):

- Party A:** **Beijing 58 Daojia Information Technology Co., Ltd.**, a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Room D101A-123, Building B-2 of Zhongguancun Dongsheng Science Park, #66 Xixiaokou Road, Haidian District, Beijing;
- Party B:** **58 Co., Ltd.**, a limited liability company organized and existing under the laws of the PRC, with its address at Room 210-03, Office Building, Nangang Industry Zone, Economic and Technological Development District, Tianjin; and
- Party C:** **Tianjin 58 Daojia Home Services Co., Ltd.**, a limited liability company organized and existing under the laws of the PRC, with its address Square block -901-918 , #5 Meiyuan Road , Binhaigaoxin District, Tianjin.

In this Agreement, each of Party A, Party B and Party C shall be referred to as a "Party" respectively, and they shall be collectively referred to as the "Parties".

Whereas:

1. Party B is a shareholder of Party C and as of the date hereof holds 91.8% of equity interests of Party C, representing RMB91,800,000 in the registered capital of Party C.
2. Party A and Party B executed a Loan Agreement ("Loan Agreement") on August 5, 2015, according to which Party A confirmed that it provided to Party B a loan in amount of RMB91,800,000, to be used for the purpose of subscribing for the equity interest in Party C.

Now therefore, upon mutual discussion and negotiation, the Parties have reached the following agreement:

#### **1. SALE AND PURCHASE OF EQUITY INTEREST**

##### **1.1 Option Granted**

In consideration of the payment of RMB10 by Party A, the receipt and adequacy of which is hereby acknowledged by Party B, Party B hereby irrevocably grants Party A an irrevocable and exclusive right to purchase, or designate one or more persons (each, a "Designee") to purchase the equity interests in Party C then held by Party B once or at multiple times at any time in part or in whole at Party A's sole and absolute discretion to the extent permitted by Chinese laws and at the price described in Section 1.3 herein (such right being the "Equity Interest Purchase Option"). Except for Party A and the Designee(s), no other person shall be entitled to the Equity Interest Purchase Option or other rights with respect to the equity interests of Party B. Party C hereby agrees to the grant by Party B of the Equity Interest Purchase Option to Party A. The term "person" as used herein shall refer to individuals, corporations, partnerships, partners, enterprises, trusts or non-corporate organizations.

## 1.2 Steps for Exercise of Equity Interest Purchase Option

Subject to the provisions of the laws and regulations of China, Party A may exercise the Equity Interest Purchase Option by issuing a written notice to Party B (the "Equity Interest Purchase Option Notice"), specifying: (a) Party A's or the Designee's decision to exercise the Equity Interest Purchase Option; (b) the portion of equity interests to be purchased by Party A or the Designee from Party B (the "Optioned Interests"); and (c) the date for purchasing the Optioned Interests and/or the date for transfer of the Optioned Interests.

## 1.3 Equity Interest Purchase Price

The purchase price of all equity interests held by Party B in Party C purchased by Party A by exercising the Equity Interest Purchase Option shall be RMB91,800,000; if Party A exercises the Equity Interest Purchase Option to purchase part of the equity interests held by Party B in Party C, the purchase price shall be calculated pro rata. If PRC law requires a minimum price higher than aforementioned price when Party A exercises Equity Interest Purchase Option, the minimum price regulated by PRC law shall be the purchase price (collectively, the "Equity Interest Purchase Price").

## 1.4 Transfer of Optioned Interests

For each exercise of the Equity Interest Purchase Option:

- 1.4.1 Party B shall cause Party C to promptly convene a shareholders' meeting, at which a resolution shall be adopted approving Party B's transfer of the Optioned Interests to Party A and/or the Designee(s);
- 1.4.2 Party B shall obtain written statements from the other shareholders of Party B giving consent to the transfer of the equity interest to Party A and/or the Designee(s) and waiving any right of first refusal related thereto.
- 1.4.3 Party B shall execute an equity interest transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Equity Interest Purchase Option Notice regarding the Optioned Interests;

1.4.4 The relevant Parties shall execute all other necessary contracts, agreements or documents, obtain all necessary government licenses and permits and take all necessary actions to transfer valid ownership of the Optioned Interests to Party A and/or the Designee(s), unencumbered by any security interests, and cause Party A and/or the Designee(s) to become the registered owner(s) of the Optioned Interests. For the purpose of this Section and this Agreement, "security interests" shall include securities, mortgages, third party's rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement, Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney. "Party B's Equity Interest Pledge Agreement" as used in this Agreement shall refer to the Amended and Restated Equity Interest Pledge Agreement executed by and among Party A, Party B and Party C on the date hereof and any modification, amendment and restatement thereto. "Party B's Power of Attorney" as used in this Agreement shall refer to the Power of Attorney executed by Party B on the date hereof granting Party A with power of attorney and any modification, amendment and restatement thereto.

#### 1.5 Payment

The Parties have agreed in the Loan Agreement that any proceeds obtained by Party B through the transfer of its equity interests in Party C shall be used for repayment of the loan provided by Party A in accordance with the Loan Agreement. Accordingly, upon exercise of the Equity Interest Purchase Option, Party A may elect to make payment of the Equity Interest Purchase Price through cancellation of the outstanding amount of the loan owed by Party B to Party A, in which case Party A shall not be required to pay any additional Equity Interest Purchase Price to Party B, unless the Total Equity Interest Purchase Price set forth herein is required to be adjusted in accordance with applicable laws and regulations.

## 2. COVENANTS

### 2.1 Covenants regarding Party C

Party B (as the shareholders of Party C) and Party C hereby covenant as follows:

- 2.1.1 Without the prior written consent of Party A, they shall not in any manner supplement, change or amend the articles of association and bylaws of Party C, increase or decrease its registered capital, or change its structure of registered capital in other manners;
- 2.1.2 They shall maintain Party C's corporate existence in accordance with good financial and business standards, obtain and maintain all necessary government licenses and permits and practice by prudently and effectively operating its business and handling its affairs;

- 2.1.3 Without the prior written consent of Party A, they shall not at any time following the date hereof, sell, transfer, mortgage or dispose of in any manner any assets of Party C or legal or beneficial interest in the business or revenues of Party C, or allow the encumbrance thereon of any security interest;
- 2.1.4 Without the prior written consent of Party A, they shall not incur, inherit, guarantee or suffer the existence of any debt, except for (i) debts incurred in the ordinary course of business other than through loans; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained;
- 2.1.5 They shall always operate all of Party C's businesses during the ordinary course of business to maintain the asset value of Party C and refrain from any action/omission that may affect Party C's operating status and asset value;
- 2.1.6 Without the prior written consent of Party A, they shall not cause Party C to execute any major contract, except the contracts in the ordinary course of business (for purpose of this subsection, a contract with a price exceeding RMB500,000 shall be deemed a major contract);
- 2.1.7 Without the prior written consent of Party A, they shall not cause Party C to provide any person with any loan or credit;
- 2.1.8 They shall provide Party A with information on Party C's business operations and financial condition at Party A's request;
- 2.1.9 If requested by Party A, they shall procure and maintain insurance in respect of Party C's assets and business from an insurance carrier acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses;
- 2.1.10 Without the prior written consent of Party A, they shall not cause or permit Party C to merge, consolidate with, acquire or invest in any person;
- 2.1.11 They shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Party C's assets, business or revenue;
- 2.1.12 To maintain the ownership by Party C of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;

- 2.1.13 Without the prior written consent of Party A, they shall ensure that Party C shall not in any manner distribute dividends to its shareholders, provided that upon Party A's written request, Party C shall immediately distribute all distributable profits to its shareholders; and
- 2.1.14 At the request of Party A, they shall appoint any persons designated by Party A as the director(s) of Party C.
- 2.1.15 Without Party A's prior written consent, they shall not engage in any business in competition with Party A or its affiliates.
- 2.1.16 Unless otherwise required by PRC law, Party C shall not be dissolved or liquidated without prior written consent by Party A.

## 2.2 Covenants of Party B

Party B hereby covenants as follows:

- 2.2.1 Without the prior written consent of Party A, Party B shall not sell, transfer, mortgage or dispose of in any other manner any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney;
- 2.2.2 Party B shall cause the shareholders' meeting and/or the director(s) of Party C not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, without the prior written consent of Party A, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney;
- 2.2.3 Party B shall cause the shareholders' meeting or the director(s) of Party C not to approve the merger or consolidation with any person, or the acquisition of or investment in any person, without the prior written consent of Party A;
- 2.2.4 Party B shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the equity interests in Party C held by Party B;
- 2.2.5 Party B shall cause the shareholders' meeting or the director(s) of Party C to vote their approval of the transfer of the Optioned Interests as set forth in this Agreement and to take any and all other actions that may be requested by Party A;

- 2.2.6 To the extent necessary to maintain Party B's ownership in Party C, Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;
- 2.2.7 Party B shall appoint any designee of Party A as the director(s) of Party C, at the request of Party A;
- 2.2.8 Party B hereby waives its right of first of refusal to transfer of equity interest by the other existing shareholders of Party C to Party A (if any); and
- 2.2.9 Party B shall promptly donate any profit, interest, dividend or proceeds of liquidation to Party A or any other person designated by Party A to the extent permitted under applicable PRC laws.
- 2.2.10 Party B shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by and among Party B, Party C and Party A, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. To the extent that Party B has any remaining rights with respect to the equity interests subject to this Agreement hereunder or under the Equity Interest Pledge Agreement among the same parties hereto or under the Power of Attorney granted in favor of Party A, Party B shall not exercise such rights except in accordance with the written instructions of Party A.

### **3. REPRESENTATIONS AND WARRANTIES**

Party B and Party C hereby represent and warrant to Party A, jointly and severally, as of the date of this Agreement and each date of transfer of the Optioned Interests, that:

- 3.1 They have the authority to execute and deliver this Agreement and any equity interest transfer contracts to which they are parties concerning the Optioned Interests to be transferred thereunder (each, a "Transfer Contracts"), and to perform their obligations under this Agreement and any Transfer Contracts. Party B and Party C agree to enter into Transfer Contracts consistent with the terms of this Agreement upon Party A's exercise of the Equity Interest Purchase Option. This Agreement and the Transfer Contracts to which they are parties constitute or will constitute their legal, valid and binding obligations and shall be enforceable against them in accordance with the provisions thereof;

- 3.2 Party B and Party C have obtained any and all approvals and consents from government authorities and third parties (if required) for execution, delivery and performance of this Agreement.
- 3.3 The execution and delivery of this Agreement or any Transfer Contracts and the obligations under this Agreement or any Transfer Contracts shall not: (i) cause any violation of any applicable laws of China; (ii) be inconsistent with the articles of association, bylaws or other organizational documents of Party C; (iii) cause the violation of any contracts or instruments to which they are a party or which are binding on them, or constitute any breach under any contracts or instruments to which they are a party or which are binding on them; (iv) cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them;
- 3.4 Party B has a good and merchantable title to the equity interests in Party C he holds. Except for Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney, Party B has not placed any security interest on such equity interests;
- 3.5 Party C has a good and merchantable title to all of its assets, and has not placed any security interest on the aforementioned assets;
- 3.6 Party C does not have any outstanding debts, except for (i) debt incurred in the ordinary course of business; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained.
- 3.7 Party C has complied with all laws and regulations of China applicable to asset acquisitions; and
- 3.8 There are no pending or threatened litigation, arbitration or administrative proceedings relating to the equity interests in Party C, assets of Party C or Party C.

#### **4. EFFECTIVE DATE**

This Agreement shall become effective upon execution by the Parties, and remain effective until all equity interests held by Party B in Party C have been transferred or assigned to Party A and/or any other person designated by Party A in accordance with this Agreement.

#### **5. GOVERNING LAW AND RESOLUTION OF DISPUTES**

##### **5.1 Governing law**

The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of PRC.

## 5.2 Methods of Resolution of Disputes

In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its Arbitration Rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.

## 6. TAXES AND FEES

Each Party shall pay any and all transfer and registration tax, expenses and fees incurred thereby or levied thereon in accordance with the laws of China in connection with the preparation and execution of this Agreement and the Transfer Contracts, as well as the consummation of the transactions contemplated under this Agreement and the Transfer Contracts.

## 7. NOTICES

7.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

7.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of receipt or refusal at the address specified for notices.

7.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

7.2 For the purpose of notices, the addresses of the Parties are as follows:

**Party A: Beijing 58 Daojia Information Technology Co., Ltd.**  
Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

**Party B: 58 Co., Ltd.**

Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

**Party C: Tianjin 58 Daojia Home Services Co., Ltd.**

Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

7.3 Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

**8. CONFIDENTIALITY**

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, investors, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, investors, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the staff members or agencies hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

**9. FURTHER WARRANTIES**

The Parties agree to promptly execute documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement.

**10. BREACH OF AGREEMENT**

10.1 If Party B or Party C conducts any material breach of any term of this Agreement, Party A shall have right to terminate this Agreement and require the Party B or Party C to compensate all damages; this Section 10 shall not prejudice any other rights of Party A herein;

10.2 If Party A conducts any breach of any term of this Agreement, Party B or Party C shall not terminate this Agreement in any event unless otherwise required by applicable laws.

## 11. MISCELLANEOUS

### 11.1 Amendment, change and supplement

Any amendment, change and supplement to this Agreement shall require the execution of a written agreement by all of the Parties.

### 11.2 Entire agreement

Except for the amendments, supplements or changes in writing executed after the execution of this Agreement, this Agreement shall constitute the entire agreement reached by and among the Parties hereto with respect to the subject matter hereof, and shall supercede all prior oral and written consultations, representations and contracts reached with respect to the subject matter of this Agreement.

### 11.3 Headings

The headings of this Agreement are for convenience only, and shall not be used to interpret, explain or otherwise affect the meanings of the provisions of this Agreement.

### 11.4 Language

This Agreement is written in both Chinese and English language in three copies, each Party having one copy with equal legal validity; in case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

### 11.5 Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

11.6 Successors

This Agreement shall be binding on and shall inure to the interest of the respective successors of the Parties and the permitted assigns of such Parties.

11.7 Survival

11.7.1 Any obligations that occur or that are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof.

11.7.2 The provisions of Sections 5, 8, 10 and this Section 11.7 shall survive the termination of this Agreement.

11.8 Waivers

Any Party may waive the terms and conditions of this Agreement, provided that such a waiver must be provided in writing and shall require the signatures of the Parties. No waiver by any Party in certain circumstances with respect to a breach by other Parties shall operate as a waiver by such a Party with respect to any similar breach in other circumstances.

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Option Agreement as of the date first above written.

**Party A: Beijing 58 Daojia Information Technology Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

**Party B: 58 Co. Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

**Party C: Tianjin 58 Daojia Home Services Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

## Exclusive Option Agreement

This (this "Agreement") is executed by and among the following Parties as of the 5<sup>th</sup> day of August, 2015 in Beijing, the People's Republic of China ("China" or the "PRC"):

**Party A: Beijing 58 Daojia Information Technology Co., Ltd.**, a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Room D101A-123, Building B-2 of Zhongguancun Dongsheng Science Park, #66 Xixiaokou Road, Haidian District, Beijing;

**Party B: Jinbo Yao**, a Chinese citizen with Chinese Identification No.: \_\_\_\_\_; and

**Party C: Tianjin 58 Daojia Home Services Co., Ltd.**, a limited liability company organized and existing under the laws of the PRC, with its address at Square block -901-918, #5 Meiyuan Road, Binhaigaoxin District, Tianjin.

In this Agreement, each of Party A, Party B and Party C shall be referred to as a "Party" respectively, and they shall be collectively referred to as the "Parties".

Whereas:

1. Party B is a shareholder of Party C and as of the date hereof holds 1.4% of equity interests of Party C, representing RMB1,400,000 in the registered capital of Party C.
2. Party A and Party B executed a Loan Agreement ("Loan Agreement") on August 5, 2015, according to which Party A confirmed that it provided to Party B a loan in amount of RMB1,400,000, to be used for the purpose of subscribing the equity interest in Party C.

Now therefore, upon mutual discussion and negotiation, the Parties have reached the following agreement:

### **1. SALE AND PURCHASE OF EQUITY INTEREST**

#### **1.1 Option Granted**

In consideration of the payment of RMB10 by Party A, the receipt and adequacy of which is hereby acknowledged by Party B, Party B hereby irrevocably grants Party A an irrevocable and exclusive right to purchase, or designate one or more persons (each, a "Designee") to purchase the equity interests in Party C then held by Party B once or at multiple times at any time in part or in whole at Party A's sole and absolute discretion to the extent permitted by Chinese laws and at the price described in Section 1.3 herein (such right being the "Equity Interest Purchase Option"). Except for Party A and the Designee(s), no other person shall be entitled to the Equity Interest Purchase Option or other rights with respect to the equity interests of Party B. Party C hereby agrees to the grant by Party B of the Equity Interest Purchase Option to Party A. The term "person" as used herein shall refer to individuals, corporations, partnerships, partners, enterprises, trusts or non-corporate organizations.

## 1.2 Steps for Exercise of Equity Interest Purchase Option

Subject to the provisions of the laws and regulations of China, Party A may exercise the Equity Interest Purchase Option by issuing a written notice to Party B (the "Equity Interest Purchase Option Notice"), specifying: (a) Party A's or the Designee's decision to exercise the Equity Interest Purchase Option; (b) the portion of equity interests to be purchased by Party A or the Designee from Party B (the "Optioned Interests"); and (c) the date for purchasing the Optioned Interests and/or the date for transfer of the Optioned Interests.

## 1.3 Equity Interest Purchase Price

The purchase price of all equity interests held by Party B in Party C purchased by Party A by exercising the Equity Interest Purchase Option shall be RMB1,400,000; if Party A exercises the Equity Interest Purchase Option to purchase part of the equity interests held by Party B in Party C, the purchase price shall be calculated pro rata. If PRC law requires a minimum price higher than aforementioned price when Party A exercises Equity Interest Purchase Option, the minimum price regulated by PRC law shall be the purchase price (collectively, the "Equity Interest Purchase Price").

## 1.4 Transfer of Optioned Interests

For each exercise of the Equity Interest Purchase Option:

- 1.4.1 Party B shall cause Party C to promptly convene a shareholders' meeting, at which a resolution shall be adopted approving Party B's transfer of the Optioned Interests to Party A and/or the Designee(s);
- 1.4.2 Party B shall obtain written statements from the other shareholders of Party B giving consent to the transfer of the equity interest to Party A and/or the Designee(s) and waiving any right of first refusal related thereto.
- 1.4.3 Party B shall execute an equity interest transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Equity Interest Purchase Option Notice regarding the Optioned Interests;

1.4.4 The relevant Parties shall execute all other necessary contracts, agreements or documents, obtain all necessary government licenses and permits and take all necessary actions to transfer valid ownership of the Optioned Interests to Party A and/or the Designee(s), unencumbered by any security interests, and cause Party A and/or the Designee(s) to become the registered owner(s) of the Optioned Interests. For the purpose of this Section and this Agreement, "security interests" shall include securities, mortgages, third party's rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement, Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney. "Party B's Equity Interest Pledge Agreement" as used in this Agreement shall refer to the Equity Interest Pledge Agreement executed by and among Party A, Party B and Party C on the date hereof and any modification, amendment and restatement thereto. "Party B's Power of Attorney" as used in this Agreement shall refer to the Power of Attorney executed by Party B on the date hereof granting Party A with power of attorney and any modification, amendment and restatement thereto.

#### 1.5 Payment

The Parties have agreed in the Loan Agreement that any proceeds obtained by Party B through the transfer of its equity interests in Party C shall be used for repayment of the loan provided by Party A in accordance with the Loan Agreement. Accordingly, upon exercise of the Equity Interest Purchase Option, Party A may elect to make payment of the Equity Interest Purchase Price through cancellation of the outstanding amount of the loan owed by Party B to Party A, in which case Party A shall not be required to pay any additional Equity Interest Purchase Price to Party B, unless the Total Equity Interest Purchase Price set forth herein is required to be adjusted in accordance with applicable laws and regulations.

## 2. COVENANTS

### 2.1 Covenants regarding Party C

Party B (as the shareholders of Party C) and Party C hereby covenant as follows:

- 2.1.1 Without the prior written consent of Party A, they shall not in any manner supplement, change or amend the articles of association and bylaws of Party C, increase or decrease its registered capital, or change its structure of registered capital in other manners;
- 2.1.2 They shall maintain Party C's corporate existence in accordance with good financial and business standards, obtain and maintain all necessary government licenses and permits and practice by prudently and effectively operating its business and handling its affairs;

- 2.1.3 Without the prior written consent of Party A, they shall not at any time following the date hereof, sell, transfer, mortgage or dispose of in any manner any assets of Party C or legal or beneficial interest in the business or revenues of Party C, or allow the encumbrance thereon of any security interest;
- 2.1.4 Without the prior written consent of Party A, they shall not incur, inherit, guarantee or suffer the existence of any debt, except for (i) debts incurred in the ordinary course of business other than through loans; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained;
- 2.1.5 They shall always operate all of Party C's businesses during the ordinary course of business to maintain the asset value of Party C and refrain from any action/omission that may affect Party C's operating status and asset value;
- 2.1.6 Without the prior written consent of Party A, they shall not cause Party C to execute any major contract, except the contracts in the ordinary course of business (for purpose of this subsection, a contract with a price exceeding RMB500,000 shall be deemed a major contract);
- 2.1.7 Without the prior written consent of Party A, they shall not cause Party C to provide any person with any loan or credit;
- 2.1.8 They shall provide Party A with information on Party C's business operations and financial condition at Party A's request;
- 2.1.9 If requested by Party A, they shall procure and maintain insurance in respect of Party C's assets and business from an insurance carrier acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses;
- 2.1.10 Without the prior written consent of Party A, they shall not cause or permit Party C to merge, consolidate with, acquire or invest in any person;
- 2.1.11 They shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Party C's assets, business or revenue;
- 2.1.12 To maintain the ownership by Party C of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;
- 2.1.13 Without the prior written consent of Party A, they shall ensure that Party C shall not in any manner distribute dividends to its shareholders, provided that upon Party A's written request, Party C shall immediately distribute all distributable profits to its shareholders; and

- 2.1.14 At the request of Party A, they shall appoint any persons designated by Party A as the director(s) of Party C.
- 2.1.15 Without Party A's prior written consent, they shall not engage in any business in competition with Party A or its affiliates.
- 2.1.16 Unless otherwise required by PRC law, Party C shall not be dissolved or liquidated without prior written consent by Party A.

2.3 Covenants of Party B

Party B hereby covenants as follows:

- 2.3.1 Without the prior written consent of Party A, Party B shall not sell, transfer, mortgage or dispose of in any other manner any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney;
- 2.3.2 Party B shall cause the shareholders' meeting and/or the director(s) of Party C not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, without the prior written consent of Party A, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney;
- 2.3.3 Party B shall cause the shareholders' meeting or the director(s) of Party C not to approve the merger or consolidation with any person, or the acquisition of or investment in any person, without the prior written consent of Party A;
- 2.3.4 Party B shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the equity interests in Party C held by Party B;
- 2.3.5 Party B shall cause the shareholders' meeting or the director(s) of Party C to vote their approval of the transfer of the Optioned Interests as set forth in this Agreement and to take any and all other actions that may be requested by Party A;
- 2.3.6 To the extent necessary to maintain Party B's ownership in Party C, Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;

- 2.3.7 Party B shall appoint any designee of Party A as the director(s) of Party C, at the request of Party A;
- 2.3.8 Party B hereby waives its right of first of refusal to transfer of equity interest by the other existing shareholders of Party C to Party A (if any); and
- 2.3.9 Party B shall promptly donate any profit, interest, dividend or proceeds of liquidation to Party A or any other person designated by Party A to the extent permitted under applicable PRC laws.
- 2.3.10 Party B shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by and among Party B, Party C and Party A, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. To the extent that Party B has any remaining rights with respect to the equity interests subject to this Agreement hereunder or under the Equity Interest Pledge Agreement among the same parties hereto or under the Power of Attorney granted in favor of Party A, Party B shall not exercise such rights except in accordance with the written instructions of Party A.

### **3. REPRESENTATIONS AND WARRANTIES**

Party B and Party C hereby represent and warrant to Party A, jointly and severally, as of the date of this Agreement and each date of transfer of the Optioned Interests, that:

- 3.1 They have the authority to execute and deliver this Agreement and any equity interest transfer contracts to which they are parties concerning the Optioned Interests to be transferred thereunder (each, a "Transfer Contracts"), and to perform their obligations under this Agreement and any Transfer Contracts. Party B and Party C agree to enter into Transfer Contracts consistent with the terms of this Agreement upon Party A's exercise of the Equity Interest Purchase Option. This Agreement and the Transfer Contracts to which they are parties constitute or will constitute their legal, valid and binding obligations and shall be enforceable against them in accordance with the provisions thereof;
- 3.2 Party B and Party C have obtained any and all approvals and consents from government authorities and third parties (if required) for execution, delivery and performance of this Agreement.
- 3.3 The execution and delivery of this Agreement or any Transfer Contracts and the obligations under this Agreement or any Transfer Contracts shall not: (i) cause any violation of any applicable laws of China; (ii) be inconsistent with the articles of association, bylaws or other organizational documents of Party C; (iii) cause the violation of any contracts or instruments to which they are a party or which are binding on them, or constitute any breach under any contracts or instruments to which they are a party or which are binding on them; (iv) cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them;

- 3.4 Party B has a good and merchantable title to the equity interests in Party C he holds. Except for Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney, Party B has not placed any security interest on such equity interests;
- 3.5 Party C has a good and merchantable title to all of its assets, and has not placed any security interest on the aforementioned assets;
- 3.6 Party C does not have any outstanding debts, except for (i) debt incurred in the ordinary course of business; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained.
- 3.7 Party C has complied with all laws and regulations of China applicable to asset acquisitions; and
- 3.8 There are no pending or threatened litigation, arbitration or administrative proceedings relating to the equity interests in Party C, assets of Party C or Party C.

#### **4. EFFECTIVE DATE**

This Agreement shall become effective upon execution by the Parties, and remain effective until all equity interests held by Party B in Party C have been transferred or assigned to Party A and/or any other person designated by Party A in accordance with this Agreement.

#### **5. GOVERNING LAW AND RESOLUTION OF DISPUTES**

##### 5.1 Governing law

The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of PRC.

##### 5.2 Methods of Resolution of Disputes

In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its Arbitration Rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.

## **6. TAXES AND FEES**

Each Party shall pay any and all transfer and registration tax, expenses and fees incurred thereby or levied thereon in accordance with the laws of China in connection with the preparation and execution of this Agreement and the Transfer Contracts, as well as the consummation of the transactions contemplated under this Agreement and the Transfer Contracts.

## **7. NOTICES**

7.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

7.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of receipt or refusal at the address specified for notices.

7.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

7.2 For the purpose of notices, the addresses of the Parties are as follows:

**Party A: Beijing 58 Daojia Information Technology Co., Ltd.**

Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing

Phone: +8610 64435588-8888

Facsimile: +8610-64459926

**Party B: Jinbo Yao**

Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing

Phone: +8610 64435588-8888

Facsimile: +8610-64459926

**Party C: Tianjin 58 Daojia Home Services Co., Ltd.**

Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing

Phone: +8610 64435588-8888

Facsimile: +8610-64459926

7.3 Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

## **8. CONFIDENTIALITY**

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, investors, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, investors, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the staff members or agencies hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

## **9. FURTHER WARRANTIES**

The Parties agree to promptly execute documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement.

## **10. BREACH OF AGREEMENT**

- 10.1 If Party B or Party C conducts any material breach of any term of this Agreement, Party A shall have right to terminate this Agreement and require the Party B or Party C to compensate all damages; this Section 10 shall not prejudice any other rights of Party A herein;
- 10.2 If Party A conducts any breach of any term of this Agreement, Party B or Party C shall not terminate this Agreement in any event unless otherwise required by applicable laws.

## **11. MISCELLANEOUS**

### **11.1 Amendment, change and supplement**

Any amendment, change and supplement to this Agreement shall require the execution of a written agreement by all of the Parties.

11.2 Entire agreement

Except for the amendments, supplements or changes in writing executed after the execution of this Agreement, this Agreement shall constitute the entire agreement reached by and among the Parties hereto with respect to the subject matter hereof, and shall supersede all prior oral and written consultations, representations and contracts reached with respect to the subject matter of this Agreement.

11.3 Headings

The headings of this Agreement are for convenience only, and shall not be used to interpret, explain or otherwise affect the meanings of the provisions of this Agreement.

11.4 Language

This Agreement is written in both Chinese and English language in three copies, each Party having one copy with equal legal validity; in case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

11.5 Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

11.6 Successors

This Agreement shall be binding on and shall inure to the interest of the respective successors of the Parties and the permitted assigns of such Parties.

11.7 Survival

11.7.1 Any obligations that occur or that are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof.

11.7.2 The provisions of Sections 5, 8, 10 and this Section 11.7 shall survive the termination of this Agreement.

11.8 Waivers

Any Party may waive the terms and conditions of this Agreement, provided that such a waiver must be provided in writing and shall require the signatures of the Parties. No waiver by any Party in certain circumstances with respect to a breach by other Parties shall operate as a waiver by such a Party with respect to any similar breach in other circumstances.

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Option Agreement as of the date first above written.

**Party A: Beijing 58 Daojia Information Technology Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

**Party B: Jinbo Yao**

By: /s/ Jinbo Yao

**Party C: Tianjin 58 Daojia Home Services Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

## Exclusive Option Agreement

This (this "Agreement") is executed by and among the following Parties as of the 5<sup>th</sup> day of August, 2015 in Beijing, the People's Republic of China ("China" or the "PRC"):

**Party A: Beijing 58 Daojia Information Technology Co., Ltd.**, a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Room D101A-123, Building B-2 of Zhongguancun Dongsheng Science Park, #66 Xixiaokou Road, Haidian District, Beijing;;

**Party B: Ou Bai**, a citizen of China with Chinese Identification No.: ; and

**Party C: Tianjin 58 Daojia Home Services Co., Ltd.**, a limited liability company organized and existing under the laws of the PRC, with its address at Square block -901-918 , #5 Meiyuan Road , Binhaigaoxin District, Tianjin.

In this Agreement, each of Party A, Party B and Party C shall be referred to as a "Party" respectively, and they shall be collectively referred to as the "Parties".

Whereas:

1. Party B is a shareholder of Party C and as of the date hereof holds 2.3% of equity interests of Party C, representing RMB2,300,000 in the registered capital of Party C.
2. Party A and Party B executed a Loan Agreement ("Loan Agreement") on August 5, 2015, according to which Party A confirmed that it provided to Party B a loan in amount of RMB2,300,000, to be used for the purpose of subscribing for the registered capital of Party C.

Now therefore, upon mutual discussion and negotiation, the Parties have reached the following agreement:

### **1. SALE AND PURCHASE OF EQUITY INTEREST**

#### **1.1 Option Granted**

In consideration of the payment of RMB10 by Party A, the receipt and adequacy of which is hereby acknowledged by Party B, Party B hereby irrevocably grants Party A an irrevocable and exclusive right to purchase, or designate one or more persons (each, a "Designee") to purchase the equity interests in Party C then held by Party B once or at multiple times at any time in part or in whole at Party A's sole and absolute discretion to the extent permitted by Chinese laws and at the price described in Section 1.3 herein (such right being the "Equity Interest Purchase Option"). Except for Party A and the Designee(s), no other person shall be entitled to the Equity Interest Purchase Option or other rights with respect to the equity interests of Party B. Party C hereby agrees to the grant by Party B of the Equity Interest Purchase Option to Party A. The term "person" as used herein shall refer to individuals, corporations, partnerships, partners, enterprises, trusts or non-corporate organizations.

## 1.2 Steps for Exercise of Equity Interest Purchase Option

Subject to the provisions of the laws and regulations of China, Party A may exercise the Equity Interest Purchase Option by issuing a written notice to Party B (the "Equity Interest Purchase Option Notice"), specifying: (a) Party A's or the Designee's decision to exercise the Equity Interest Purchase Option; (b) the portion of equity interests to be purchased by Party A or the Designee from Party B (the "Optioned Interests"); and (c) the date for purchasing the Optioned Interests and/or the date for transfer of the Optioned Interests.

## 1.3 Equity Interest Purchase Price

The purchase price of all equity interests held by Party B in Party C purchased by Party A by exercising the Equity Interest Purchase Option shall be RMB2,300,000; if Party A exercises the Equity Interest Purchase Option to purchase part of the equity interests held by Party B in Party C, the purchase price shall be calculated pro rata. If PRC law requires a minimum price higher than aforementioned price when Party A exercises Equity Interest Purchase Option, the minimum price regulated by PRC law shall be the purchase price (collectively, the "Equity Interest Purchase Price").

## 1.4 Transfer of Optioned Interests

For each exercise of the Equity Interest Purchase Option:

- 1.4.1 Party B shall cause Party C to promptly convene a shareholders' meeting, at which a resolution shall be adopted approving Party B's transfer of the Optioned Interests to Party A and/or the Designee(s);
- 1.4.2 Party B shall obtain written statements from the other shareholders of Party B giving consent to the transfer of the equity interest to Party A and/or the Designee(s) and waiving any right of first refusal related thereto.
- 1.4.3 Party B shall execute an equity interest transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Equity Interest Purchase Option Notice regarding the Optioned Interests;

1.4.4 The relevant Parties shall execute all other necessary contracts, agreements or documents, obtain all necessary government licenses and permits and take all necessary actions to transfer valid ownership of the Optioned Interests to Party A and/or the Designee(s), unencumbered by any security interests, and cause Party A and/or the Designee(s) to become the registered owner(s) of the Optioned Interests. For the purpose of this Section and this Agreement, "security interests" shall include securities, mortgages, third party's rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement, Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney. "Party B's Equity Interest Pledge Agreement" as used in this Agreement shall refer to the Equity Interest Pledge Agreement executed by and among Party A, Party B and Party C on the date hereof and any modification, amendment and restatement thereto. "Party B's Power of Attorney" as used in this Agreement shall refer to the Power of Attorney executed by Party B on the date hereof granting Party A with power of attorney and any modification, amendment and restatement thereto.

## 1.5 Payment

The Parties have agreed in the Loan Agreement that any proceeds obtained by Party B through the transfer of its equity interests in Party C shall be used for repayment of the loan provided by Party A in accordance with the Loan Agreement. Accordingly, upon exercise of the Equity Interest Purchase Option, Party A may elect to make payment of the Equity Interest Purchase Price through cancellation of the outstanding amount of the loan owed by Party B to Party A, in which case Party A shall not be required to pay any additional Equity Interest Purchase Price to Party B, unless the Total Equity Interest Purchase Price set forth herein is required to be adjusted in accordance with applicable laws and regulations.

## 2. COVENANTS

### 2.1 Covenants regarding Party C

Party B (as the shareholders of Party C) and Party C hereby covenant as follows:

- 2.1.1 Without the prior written consent of Party A, they shall not in any manner supplement, change or amend the articles of association and bylaws of Party C, increase or decrease its registered capital, or change its structure of registered capital in other manners;
- 2.1.2 They shall maintain Party C's corporate existence in accordance with good financial and business standards, obtain and maintain all necessary government licenses and permits and practice by prudently and effectively operating its business and handling its affairs;
- 2.1.3 Without the prior written consent of Party A, they shall not at any time following the date hereof, sell, transfer, mortgage or dispose of in any manner any assets of Party C or legal or beneficial interest in the business or revenues of Party C, or allow the encumbrance thereon of any security interest;

- 2.1.4 Without the prior written consent of Party A, they shall not incur, inherit, guarantee or suffer the existence of any debt, except for (i) debts incurred in the ordinary course of business other than through loans; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained;
- 2.1.5 They shall always operate all of Party C's businesses during the ordinary course of business to maintain the asset value of Party C and refrain from any action/omission that may affect Party C's operating status and asset value;
- 2.1.6 Without the prior written consent of Party A, they shall not cause Party C to execute any major contract, except the contracts in the ordinary course of business (for purpose of this subsection, a contract with a price exceeding RMB500,000 shall be deemed a major contract);
- 2.1.7 Without the prior written consent of Party A, they shall not cause Party C to provide any person with any loan or credit;
- 2.1.8 They shall provide Party A with information on Party C's business operations and financial condition at Party A's request;
- 2.1.9 If requested by Party A, they shall procure and maintain insurance in respect of Party C's assets and business from an insurance carrier acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses;
- 2.1.10 Without the prior written consent of Party A, they shall not cause or permit Party C to merge, consolidate with, acquire or invest in any person;
- 2.1.11 They shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Party C's assets, business or revenue;
- 2.1.12 To maintain the ownership by Party C of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;
- 2.1.13 Without the prior written consent of Party A, they shall ensure that Party C shall not in any manner distribute dividends to its shareholders, provided that upon Party A's written request, Party C shall immediately distribute all distributable profits to its shareholders; and

- 2.1.14 At the request of Party A, they shall appoint any persons designated by Party A as the director(s) of Party C.
- 2.1.15 Without Party A's prior written consent, they shall not engage in any business in competition with Party A or its affiliates.
- 2.1.16 Unless otherwise required by PRC law, Party C shall not be dissolved or liquidated without prior written consent by Party A.

2.2 Covenants of Party B

Party B hereby covenants as follows:

- 2.2.1 Without the prior written consent of Party A, Party B shall not sell, transfer, mortgage or dispose of in any other manner any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney;
- 2.2.2 Party B shall cause the shareholders' meeting and/or the director(s) of Party C not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, without the prior written consent of Party A, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney;
- 2.2.3 Party B shall cause the shareholders' meeting or the director(s) of Party C not to approve the merger or consolidation with any person, or the acquisition of or investment in any person, without the prior written consent of Party A;
- 2.2.4 Party B shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the equity interests in Party C held by Party B;
- 2.2.5 Party B shall cause the shareholders' meeting or the director(s) of Party C to vote their approval of the transfer of the Optioned Interests as set forth in this Agreement and to take any and all other actions that may be requested by Party A;
- 2.2.6 To the extent necessary to maintain Party B's ownership in Party C, Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;

- 2.2.7 Party B shall appoint any designee of Party A as the director(s) of Party C, at the request of Party A;
- 2.2.8 Party B hereby waives its right of first of refusal to transfer of equity interest by the other existing shareholders of Party C to Party A (if any); and
- 2.2.9 Party B shall promptly donate any profit, interest, dividend or proceeds of liquidation to Party A or any other person designated by Party A to the extent permitted under applicable PRC laws.
- 2.2.10 Party B shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by and among Party B, Party C and Party A, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. To the extent that Party B has any remaining rights with respect to the equity interests subject to this Agreement hereunder or under the Equity Interest Pledge Agreement among the same parties hereto or under the Power of Attorney granted in favor of Party A, Party B shall not exercise such rights except in accordance with the written instructions of Party A.

### **3. REPRESENTATIONS AND WARRANTIES**

Party B and Party C hereby represent and warrant to Party A, jointly and severally, as of the date of this Agreement and each date of transfer of the Optioned Interests, that:

- 3.1 They have the authority to execute and deliver this Agreement and any equity interest transfer contracts to which they are parties concerning the Optioned Interests to be transferred thereunder (each, a "Transfer Contracts"), and to perform their obligations under this Agreement and any Transfer Contracts. Party B and Party C agree to enter into Transfer Contracts consistent with the terms of this Agreement upon Party A's exercise of the Equity Interest Purchase Option. This Agreement and the Transfer Contracts to which they are parties constitute or will constitute their legal, valid and binding obligations and shall be enforceable against them in accordance with the provisions thereof;
- 3.2 Party B and Party C have obtained any and all approvals and consents from government authorities and third parties (if required) for execution, delivery and performance of this Agreement.
- 3.3 The execution and delivery of this Agreement or any Transfer Contracts and the obligations under this Agreement or any Transfer Contracts shall not: (i) cause any violation of any applicable laws of China; (ii) be inconsistent with the articles of association, bylaws or other organizational documents of Party C; (iii) cause the violation of any contracts or instruments to which they are a party or which are binding on them, or constitute any breach under any contracts or instruments to which they are a party or which are binding on them; (iv) cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them;

- 3.4 Party B has a good and merchantable title to the equity interests in Party C he holds. Except for Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney, Party B has not placed any security interest on such equity interests;
- 3.5 Party C has a good and merchantable title to all of its assets, and has not placed any security interest on the aforementioned assets;
- 3.6 Party C does not have any outstanding debts, except for (i) debt incurred in the ordinary course of business; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained.
- 3.7 Party C has complied with all laws and regulations of China applicable to asset acquisitions; and
- 3.8 There are no pending or threatened litigation, arbitration or administrative proceedings relating to the equity interests in Party C, assets of Party C or Party C.

#### **4. EFFECTIVE DATE**

This Agreement shall become effective upon execution by the Parties, and remain effective until all equity interests held by Party B in Party C have been transferred or assigned to Party A and/or any other person designated by Party A in accordance with this Agreement.

#### **5. GOVERNING LAW AND RESOLUTION OF DISPUTES**

##### **5.1 Governing law**

The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of PRC.

##### **5.2 Methods of Resolution of Disputes**

In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its Arbitration Rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.

## 6. TAXES AND FEES

Each Party shall pay any and all transfer and registration tax, expenses and fees incurred thereby or levied thereon in accordance with the laws of China in connection with the preparation and execution of this Agreement and the Transfer Contracts, as well as the consummation of the transactions contemplated under this Agreement and the Transfer Contracts.

## 7. NOTICES

7.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

7.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of receipt or refusal at the address specified for notices.

7.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

7.2 For the purpose of notices, the addresses of the Parties are as follows:

**Party A: Beijing 58 Daojia Information Technology Co., Ltd.**

Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

**Party B: Ou Bai**

Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

**Party C: Tianjin 58 Daojia Home Services Co., Ltd.**

Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

7.3 Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

## **8. CONFIDENTIALITY**

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, investors, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, investors, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the staff members or agencies hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

## **9. FURTHER WARRANTIES**

The Parties agree to promptly execute documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement.

## **10. BREACH OF AGREEMENT**

- 10.1 If Party B or Party C conducts any material breach of any term of this Agreement, Party A shall have right to terminate this Agreement and require the Party B or Party C to compensate all damages; this Section 10 shall not prejudice any other rights of Party A herein;
- 10.2 If Party A conducts any breach of any term of this Agreement, Party B or Party C shall not terminate this Agreement in any event unless otherwise required by applicable laws.

## **11. MISCELLANEOUS**

### **11.1 Amendment, change and supplement**

Any amendment, change and supplement to this Agreement shall require the execution of a written agreement by all of the Parties.

11.2 Entire agreement

Except for the amendments, supplements or changes in writing executed after the execution of this Agreement, this Agreement shall constitute the entire agreement reached by and among the Parties hereto with respect to the subject matter hereof, and shall supercede all prior oral and written consultations, representations and contracts reached with respect to the subject matter of this Agreement.

11.3 Headings

The headings of this Agreement are for convenience only, and shall not be used to interpret, explain or otherwise affect the meanings of the provisions of this Agreement.

11.4 Language

This Agreement is written in both Chinese and English language in three copies, each Party having one copy with equal legal validity; in case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

11.5 Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

11.6 Successors

This Agreement shall be binding on and shall inure to the interest of the respective successors of the Parties and the permitted assigns of such Parties.

11.7 Survival

11.7.1 Any obligations that occur or that are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof.

11.7.2 The provisions of Sections 5, 8, 10 and this Section 11.7 shall survive the termination of this Agreement.

11.8 Waivers

Any Party may waive the terms and conditions of this Agreement, provided that such a waiver must be provided in writing and shall require the signatures of the Parties. No waiver by any Party in certain circumstances with respect to a breach by other Parties shall operate as a waiver by such a Party with respect to any similar breach in other circumstances.

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Amended and Restated Exclusive Option Agreement as of the date first above written.

**Party A: Beijing 58 Daojia Information Technology Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

**Party B: Ou Bai**

By: /s/ Ou Bai

**Party C: Tianjin 58 Daojia Home Services Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

## Exclusive Option Agreement

This (this "Agreement") is executed by and among the following Parties as of the 5<sup>th</sup> day of August, 2015 in Beijing, the People's Republic of China ("China" or the "PRC"):

**Party A:** **Beijing 58 Daojia Information Technology Co., Ltd.**, a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Room D101A-123, Building B-2 of Zhongguancun Dongsheng Science Park, #66 Xixiaokou Road, Haidian District, Beijing;

**Party B:** **Xiaohua Chen**, a citizen of China with Chinese Identification No.: ; and

**Party C:** **Tianjin 58 Daojia Home Services Co., Ltd.**, a limited liability company organized and existing under the laws of the PRC, with its address at Square block -901-918 , #5 Meiyuan Road , Binhaigaoxin District, Tianjin.

In this Agreement, each of Party A, Party B and Party C shall be referred to as a "Party" respectively, and they shall be collectively referred to as the "Parties".

Whereas:

1. Party B is a shareholder of Party C and as of the date hereof holds 4.5% of equity interests of Party C, representing RMB4,500,000 in the registered capital of Party C.
2. Party A and Party B executed a Loan Agreement ("Loan Agreement") on August 5, 2015, according to which Party A confirmed that it provided to Party B a loan in amount of RMB 4,500,000, to be used for the purpose of subscribing for the registered capital of Party C.

Now therefore, upon mutual discussion and negotiation, the Parties have reached the following agreement:

### **1. SALE AND PURCHASE OF EQUITY INTEREST**

#### **1.1 Option Granted**

In consideration of the payment of RMB10 by Party A, the receipt and adequacy of which is hereby acknowledged by Party B, Party B hereby irrevocably grants Party A an irrevocable and exclusive right to purchase, or designate one or more persons (each, a "Designee") to purchase the equity interests in Party C then held by Party B once or at multiple times at any time in part or in whole at Party A's sole and absolute discretion to the extent permitted by Chinese laws and at the price described in Section 1.3 herein (such right being the "Equity Interest Purchase Option"). Except for Party A and the Designee(s), no other person shall be entitled to the Equity Interest Purchase Option or other rights with respect to the equity interests of Party B. Party C hereby agrees to the grant by Party B of the Equity Interest Purchase Option to Party A. The term "person" as used herein shall refer to individuals, corporations, partnerships, partners, enterprises, trusts or non-corporate organizations.

## 1.2 Steps for Exercise of Equity Interest Purchase Option

Subject to the provisions of the laws and regulations of China, Party A may exercise the Equity Interest Purchase Option by issuing a written notice to Party B (the "Equity Interest Purchase Option Notice"), specifying: (a) Party A's or the Designee's decision to exercise the Equity Interest Purchase Option; (b) the portion of equity interests to be purchased by Party A or the Designee from Party B (the "Optioned Interests"); and (c) the date for purchasing the Optioned Interests and/or the date for transfer of the Optioned Interests.

## 1.3 Equity Interest Purchase Price

The purchase price of all equity interests held by Party B in Party C purchased by Party A by exercising the Equity Interest Purchase Option shall be RMB4,500,000; if Party A exercises the Equity Interest Purchase Option to purchase part of the equity interests held by Party B in Party C, the purchase price shall be calculated pro rata. If PRC law requires a minimum price higher than aforementioned price when Party A exercises Equity Interest Purchase Option, the minimum price regulated by PRC law shall be the purchase price (collectively, the "Equity Interest Purchase Price").

## 1.4 Transfer of Optioned Interests

For each exercise of the Equity Interest Purchase Option:

- 1.4.1 Party B shall cause Party C to promptly convene a shareholders' meeting, at which a resolution shall be adopted approving Party B's transfer of the Optioned Interests to Party A and/or the Designee(s);
- 1.4.2 Party B shall obtain written statements from the other shareholders of Party B giving consent to the transfer of the equity interest to Party A and/or the Designee(s) and waiving any right of first refusal related thereto.
- 1.4.3 Party B shall execute an equity interest transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Equity Interest Purchase Option Notice regarding the Optioned Interests;

1.4.4 The relevant Parties shall execute all other necessary contracts, agreements or documents, obtain all necessary government licenses and permits and take all necessary actions to transfer valid ownership of the Optioned Interests to Party A and/or the Designee(s), unencumbered by any security interests, and cause Party A and/or the Designee(s) to become the registered owner(s) of the Optioned Interests. For the purpose of this Section and this Agreement, "security interests" shall include securities, mortgages, third party's rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement, Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney. "Party B's Equity Interest Pledge Agreement" as used in this Agreement shall refer to the Equity Interest Pledge Agreement executed by and among Party A, Party B and Party C on the date hereof and any modification, amendment and restatement thereto. "Party B's Power of Attorney" as used in this Agreement shall refer to the Power of Attorney executed by Party B on the date hereof granting Party A with power of attorney and any modification, amendment and restatement thereto.

#### 1.5 Payment

The Parties have agreed in the Loan Agreement that any proceeds obtained by Party B through the transfer of its equity interests in Party C shall be used for repayment of the loan provided by Party A in accordance with the Loan Agreement. Accordingly, upon exercise of the Equity Interest Purchase Option, Party A may elect to make payment of the Equity Interest Purchase Price through cancellation of the outstanding amount of the loan owed by Party B to Party A, in which case Party A shall not be required to pay any additional Equity Interest Purchase Price to Party B, unless the Total Equity Interest Purchase Price set forth herein is required to be adjusted in accordance with applicable laws and regulations.

## 2. COVENANTS

### 2.1 Covenants regarding Party C

Party B (as the shareholders of Party C) and Party C hereby covenant as follows:

- 2.1.1 Without the prior written consent of Party A, they shall not in any manner supplement, change or amend the articles of association and bylaws of Party C, increase or decrease its registered capital, or change its structure of registered capital in other manners;
- 2.1.2 They shall maintain Party C's corporate existence in accordance with good financial and business standards, obtain and maintain all necessary government licenses and permits and practice by prudently and effectively operating its business and handling its affairs;

- 2.1.3 Without the prior written consent of Party A, they shall not at any time following the date hereof, sell, transfer, mortgage or dispose of in any manner any assets of Party C or legal or beneficial interest in the business or revenues of Party C, or allow the encumbrance thereon of any security interest;
- 2.1.4 Without the prior written consent of Party A, they shall not incur, inherit, guarantee or suffer the existence of any debt, except for (i) debts incurred in the ordinary course of business other than through loans; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained;
- 2.1.5 They shall always operate all of Party C's businesses during the ordinary course of business to maintain the asset value of Party C and refrain from any action/omission that may affect Party C's operating status and asset value;
- 2.1.6 Without the prior written consent of Party A, they shall not cause Party C to execute any major contract, except the contracts in the ordinary course of business (for purpose of this subsection, a contract with a price exceeding RMB500,000 shall be deemed a major contract);
- 2.1.7 Without the prior written consent of Party A, they shall not cause Party C to provide any person with any loan or credit;
- 2.1.8 They shall provide Party A with information on Party C's business operations and financial condition at Party A's request;
- 2.1.9 If requested by Party A, they shall procure and maintain insurance in respect of Party C's assets and business from an insurance carrier acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses;
- 2.1.10 Without the prior written consent of Party A, they shall not cause or permit Party C to merge, consolidate with, acquire or invest in any person;
- 2.1.11 They shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Party C's assets, business or revenue;
- 2.1.12 To maintain the ownership by Party C of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;

- 2.1.13 Without the prior written consent of Party A, they shall ensure that Party C shall not in any manner distribute dividends to its shareholders, provided that upon Party A's written request, Party C shall immediately distribute all distributable profits to its shareholders; and
- 2.1.14 At the request of Party A, they shall appoint any persons designated by Party A as the director(s) of Party C.
- 2.1.15 Without Party A's prior written consent, they shall not engage in any business in competition with Party A or its affiliates.
- 2.1.16 Unless otherwise required by PRC law, Party C shall not be dissolved or liquidated without prior written consent by Party A.

## 2.2 Covenants of Party B

Party B hereby covenants as follows:

- 2.2.1 Without the prior written consent of Party A, Party B shall not sell, transfer, mortgage or dispose of in any other manner any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney;
- 2.2.2 Party B shall cause the shareholders' meeting and/or the director(s) of Party C not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, without the prior written consent of Party A, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney;
- 2.2.3 Party B shall cause the shareholders' meeting or the director(s) of Party C not to approve the merger or consolidation with any person, or the acquisition of or investment in any person, without the prior written consent of Party A;
- 2.2.4 Party B shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the equity interests in Party C held by Party B;
- 2.2.5 Party B shall cause the shareholders' meeting or the director(s) of Party C to vote their approval of the transfer of the Optioned Interests as set forth in this Agreement and to take any and all other actions that may be requested by Party A;
- 2.2.6 To the extent necessary to maintain Party B's ownership in Party C, Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;

- 2.2.7 Party B shall appoint any designee of Party A as the director(s) of Party C, at the request of Party A;
- 2.2.8 Party B hereby waives its right of first of refusal to transfer of equity interest by the other existing shareholders of Party C to Party A (if any); and
- 2.2.9 Party B shall promptly donate any profit, interest, dividend or proceeds of liquidation to Party A or any other person designated by Party A to the extent permitted under applicable PRC laws.
- 2.2.10 Party B shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by and among Party B, Party C and Party A, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. To the extent that Party B has any remaining rights with respect to the equity interests subject to this Agreement hereunder or under the Equity Interest Pledge Agreement among the same parties hereto or under the Power of Attorney granted in favor of Party A, Party B shall not exercise such rights except in accordance with the written instructions of Party A.

### **3. REPRESENTATIONS AND WARRANTIES**

Party B and Party C hereby represent and warrant to Party A, jointly and severally, as of the date of this Agreement and each date of transfer of the Optioned Interests, that:

- 3.1 They have the authority to execute and deliver this Agreement and any equity interest transfer contracts to which they are parties concerning the Optioned Interests to be transferred thereunder (each, a "Transfer Contracts"), and to perform their obligations under this Agreement and any Transfer Contracts. Party B and Party C agree to enter into Transfer Contracts consistent with the terms of this Agreement upon Party A's exercise of the Equity Interest Purchase Option. This Agreement and the Transfer Contracts to which they are parties constitute or will constitute their legal, valid and binding obligations and shall be enforceable against them in accordance with the provisions thereof;
- 3.2 Party B and Party C have obtained any and all approvals and consents from government authorities and third parties (if required) for execution, delivery and performance of this Agreement.

- 3.3 The execution and delivery of this Agreement or any Transfer Contracts and the obligations under this Agreement or any Transfer Contracts shall not: (i) cause any violation of any applicable laws of China; (ii) be inconsistent with the articles of association, bylaws or other organizational documents of Party C; (iii) cause the violation of any contracts or instruments to which they are a party or which are binding on them, or constitute any breach under any contracts or instruments to which they are a party or which are binding on them; (iv) cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them;
- 3.4 Party B has a good and merchantable title to the equity interests in Party C he holds. Except for Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney, Party B has not placed any security interest on such equity interests;
- 3.5 Party C has a good and merchantable title to all of its assets, and has not placed any security interest on the aforementioned assets;
- 3.6 Party C does not have any outstanding debts, except for (i) debt incurred in the ordinary course of business; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained.
- 3.7 Party C has complied with all laws and regulations of China applicable to asset acquisitions; and
- 3.8 There are no pending or threatened litigation, arbitration or administrative proceedings relating to the equity interests in Party C, assets of Party C or Party C.

#### **4. EFFECTIVE DATE**

This Agreement shall become effective upon execution by the Parties, and remain effective until all equity interests held by Party B in Party C have been transferred or assigned to Party A and/or any other person designated by Party A in accordance with this Agreement.

#### **5. GOVERNING LAW AND RESOLUTION OF DISPUTES**

##### **5.1 Governing law**

The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of PRC.

##### **5.2 Methods of Resolution of Disputes**

In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its Arbitration Rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.

## 6. TAXES AND FEES

Each Party shall pay any and all transfer and registration tax, expenses and fees incurred thereby or levied thereon in accordance with the laws of China in connection with the preparation and execution of this Agreement and the Transfer Contracts, as well as the consummation of the transactions contemplated under this Agreement and the Transfer Contracts.

## 7. NOTICES

7.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

7.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of receipt or refusal at the address specified for notices.

7.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

7.2 For the purpose of notices, the addresses of the Parties are as follows:

**Party A: Beijing 58 Daojia Information Technology Co., Ltd.**

Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing

Attn: Jinbo Yao

Phone: +8610 64435588-8888

Facsimile: +8610-64459926

**Party B: Xiaohua Chen**

Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing

Phone: +8610 64435588-8888

Facsimile: +8610-64459926

**Party C: Tianjin 58 Daojia Home Services Co., Ltd.**

Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing

Attn: Jinbo Yao

Phone: +8610 64435588-8888

Facsimile: +8610-64459926

7.3 Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

**8. CONFIDENTIALITY**

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, investors, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, investors, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the staff members or agencies hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

**9. FURTHER WARRANTIES**

The Parties agree to promptly execute documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement.

**10. BREACH OF AGREEMENT**

- 10.1 If Party B or Party C conducts any material breach of any term of this Agreement, Party A shall have right to terminate this Agreement and require the Party B or Party C to compensate all damages; this Section 10 shall not prejudice any other rights of Party A herein;
- 10.2 If Party A conducts any breach of any term of this Agreement, Party B or Party C shall not terminate this Agreement in any event unless otherwise required by applicable laws.

## **11. MISCELLANEOUS**

### 11.1 Amendment, change and supplement

Any amendment, change and supplement to this Agreement shall require the execution of a written agreement by all of the Parties.

### 11.2 Entire agreement

Except for the amendments, supplements or changes in writing executed after the execution of this Agreement, this Agreement shall constitute the entire agreement reached by and among the Parties hereto with respect to the subject matter hereof, and shall supercede all prior oral and written consultations, representations and contracts reached with respect to the subject matter of this Agreement.

### 11.3 Headings

The headings of this Agreement are for convenience only, and shall not be used to interpret, explain or otherwise affect the meanings of the provisions of this Agreement.

### 11.4 Language

This Agreement is written in both Chinese and English language in three copies, each Party having one copy with equal legal validity; in case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

### 11.5 Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

### 11.6 Successors

This Agreement shall be binding on and shall inure to the interest of the respective successors of the Parties and the permitted assigns of such Parties.

11.7 Survival

11.7.1 Any obligations that occur or that are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof.

11.7.2 The provisions of Sections 5, 8, 10 and this Section 11.7 shall survive the termination of this Agreement.

11.8 Waivers

Any Party may waive the terms and conditions of this Agreement, provided that such a waiver must be provided in writing and shall require the signatures of the Parties. No waiver by any Party in certain circumstances with respect to a breach by other Parties shall operate as a waiver by such a Party with respect to any similar breach in other circumstances.

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Option Agreement as of the date first above written.

**Party A: Beijing 58 Daojia Information Technology Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

**Party B: Xiaohua Chen**

By: /s/ Xiaohua Chen

**Party C: Tianjin 58 Daojia Home Services Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

**Power of Attorney**

We, 58 Co., Ltd., a limited liability company organized and existing under the laws of the PRC, and a holder of 91.8% of the entire registered capital in Tianjin 58 Daojia Home Services Co., Ltd. ("Domestic Company") as of the date when the Power of Attorney is executed, hereby irrevocably authorize Beijing 58 Daojia Information Technology Co., Ltd. ("WFOE") to exercise the following rights relating to all equity interests held by us now and in the future ("Our Shareholding") during the term of this Power of Attorney:

WFOE is hereby authorized to act on our behalf as our exclusive agent and attorney with respect to all matters concerning Our Shareholding, including without limitation to: 1) attend shareholders' meetings of Domestic Company; 2) exercise all the shareholder's rights and shareholder's voting rights we are entitled to under the laws of China and Domestic Company's Articles of Association, including but not limited to the sale or transfer or pledge or disposition of Our Shareholding in part or in whole; and 3) designate and appoint on our behalf the legal representative, the directors, supervisors, the chief executive officer and other senior management members of Domestic Company.

Without limiting the generality of the powers granted hereunder, WFOE shall have the power and authority to, on our behalf, execute all the documents we shall sign as stipulated in Exclusive Option Agreement entered into by and among we, WFOE and Domestic Company on August 5, 2015 and the Equity Pledge Agreement entered into by and among we, WFOE and Domestic Company on August 5, 2015 (including any modification, amendment and restatement thereto, collectively the "Transaction Documents"), and perform the terms of the Transaction Documents.

All the actions associated with Our Shareholding conducted by WFOE shall be deemed as our own actions, and all the documents related to Our Shareholding executed by WFOE shall be deemed to be executed by me. We hereby acknowledge and ratify those actions and/or documents by WFOE.

WFOE is entitled to re-authorize or assign its rights related to the aforesaid matters to any other person or entity at its own discretion and without giving prior notice to us or obtaining our consent. If required by PRC laws, WFOE shall designate a PRC citizen to exercise the aforementioned rights.

This Power of Attorney is coupled with an interest and shall be irrevocable and continuously valid from the date of execution of this Power of Attorney, so long as we are a shareholder of Domestic Company.

During the term of this Power of Attorney, we hereby waive all the rights associated with Our Shareholding, which have been authorized to WFOE through this Power of Attorney, and shall not exercise such rights by myself.

This Power of Attorney is written in Chinese and English; in case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

**58 Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

August 5, 2015

Accepted by:

**Beijing 58 Daojia Information Technology Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

Acknowledged by:

**Tianjin 58 Daojia Home Services Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

## Power of Attorney

I, Jinbo Yao, a Chinese citizen with Chinese Identification Card No.: \_\_\_\_\_, and a holder of 1.4% of the entire registered capital in Tianjin 58 Daojia Home Services Co., Ltd. ("Domestic Company") as of the date when the Power of Attorney is executed, hereby irrevocably authorize Beijing 58 Daojia Information Technology Co., Ltd. ("WFOE") to exercise the following rights relating to all equity interests held by me now and in the future ("My Shareholding") during the term of this Power of Attorney:

WFOE is hereby authorized to act on behalf of myself as my exclusive agent and attorney with respect to all matters concerning My Shareholding, including without limitation to: 1) attend shareholders' meetings of Domestic Company; 2) exercise all the shareholder's rights and shareholder's voting rights I am entitled to under the laws of China and Domestic Company's Articles of Association, including but not limited to the sale or transfer or pledge or disposition of My Shareholding in part or in whole; and 3) designate and appoint on behalf of myself the legal representative, the directors, supervisors, the chief executive officer and other senior management members of Domestic Company.

Without limiting the generality of the powers granted hereunder, WFOE shall have the power and authority to, on behalf of myself, execute all the documents I shall sign as stipulated in Exclusive Option Agreement entered into by and among I, WFOE and Domestic Company on August 5, 2015 and the Equity Pledge Agreement entered into by and among I, WFOE and Domestic Company on August 5, 2015 (including any modification, amendment and restatement thereto, collectively the "Transaction Documents"), and perform the terms of the Transaction Documents.

All the actions associated with My Shareholding conducted by WFOE shall be deemed as my own actions, and all the documents related to My Shareholding executed by WFOE shall be deemed to be executed by me. I hereby acknowledge and ratify those actions and/or documents by WFOE.

WFOE is entitled to re-authorize or assign its rights related to the aforesaid matters to any other person or entity at its own discretion and without giving prior notice to me or obtaining my consent. If required by PRC laws, WFOE shall designate a PRC citizen to exercise the aforementioned rights.

This Power of Attorney is coupled with an interest and shall be irrevocable and continuously valid from the date of execution of this Power of Attorney, so long as I am a shareholder of Domestic Company.

During the term of this Power of Attorney, I hereby waive all the rights associated with My Shareholding, which have been authorized to WFOE through this Power of Attorney, and shall not exercise such rights by myself.

This Power of Attorney is written in Chinese and English; in case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

**Jinbo Yao**

By: /s/ Jinbo Yao

August 5, 2015

Accepted by:

**Beijing 58 Daojia Information Technology Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

Acknowledged by:

**Tianjin 58 Daojia Home Services Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

## Power of Attorney

I, Ou Bai, a Chinese citizen with Chinese Identification Card No.: \_\_\_\_\_, and a holder of 2.3% of the entire registered capital in Tianjin 58 Daojia Home Services Co., Ltd. ("Domestic Company") as of the date when the Power of Attorney is executed, hereby irrevocably authorize Beijing 58 Daojia Information Technology Co., Ltd. ("WFOE") to exercise the following rights relating to all equity interests held by me now and in the future ("My Shareholding") during the term of this Power of Attorney:

WFOE is hereby authorized to act on behalf of myself as my exclusive agent and attorney with respect to all matters concerning My Shareholding, including without limitation to: 1) attend shareholders' meetings of Domestic Company; 2) exercise all the shareholder's rights and shareholder's voting rights I am entitled to under the laws of China and Domestic Company's Articles of Association, including but not limited to the sale or transfer or pledge or disposition of My Shareholding in part or in whole; and 3) designate and appoint on behalf of myself the legal representative, the directors, supervisors, the chief executive officer and other senior management members of Domestic Company.

Without limiting the generality of the powers granted hereunder, WFOE shall have the power and authority to, on behalf of myself, execute all the documents I shall sign as stipulated in Exclusive Option Agreement entered into by and among I, WFOE and Domestic Company on August 5, 2015 and the Equity Pledge Agreement entered into by and among I, WFOE and Domestic Company on August 5, 2015 (including any modification, amendment and restatement thereto, collectively the "Transaction Documents"), and perform the terms of the Transaction Documents.

All the actions associated with My Shareholding conducted by WFOE shall be deemed as my own actions, and all the documents related to My Shareholding executed by WFOE shall be deemed to be executed by me. I hereby acknowledge and ratify those actions and/or documents by WFOE.

WFOE is entitled to re-authorize or assign its rights related to the aforesaid matters to any other person or entity at its own discretion and without giving prior notice to me or obtaining my consent. If required by PRC laws, WFOE shall designate a PRC citizen to exercise the aforementioned rights.

This Power of Attorney is coupled with an interest and shall be irrevocable and continuously valid from the date of execution of this Power of Attorney, so long as I am a shareholder of Domestic Company.

During the term of this Power of Attorney, I hereby waive all the rights associated with My Shareholding, which have been authorized to WFOE through this Power of Attorney, and shall not exercise such rights by myself.

This Power of Attorney is written in Chinese and English; in case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

**Ou Bai**

By: /s/ Ou Bai

August 5, 2015

Accepted by:

**Beijing 58 Daojia Information Technology Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

Acknowledged by:

**Tianjin 58 Daojia Home Services Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

## Power of Attorney

I, Xiaohua Chen, a Chinese citizen with Chinese Identification Card No.: \_\_\_\_\_, and a holder of 4.5% of the entire registered capital in Tianjin 58 Daojia Home Services Co., Ltd. ("Domestic Company") as of the date when the Power of Attorney is executed, hereby irrevocably authorize Beijing 58 Daojia Information Technology Co., Ltd. ("WFOE") to exercise the following rights relating to all equity interests held by me now and in the future ("My Shareholding") during the term of this Power of Attorney:

WFOE is hereby authorized to act on behalf of myself as my exclusive agent and attorney with respect to all matters concerning My Shareholding, including without limitation to: 1) attend shareholders' meetings of Domestic Company; 2) exercise all the shareholder's rights and shareholder's voting rights I am entitled to under the laws of China and Domestic Company's Articles of Association, including but not limited to the sale or transfer or pledge or disposition of My Shareholding in part or in whole; and 3) designate and appoint on behalf of myself the legal representative, the directors, supervisors, the chief executive officer and other senior management members of Domestic Company.

Without limiting the generality of the powers granted hereunder, WFOE shall have the power and authority to, on behalf of myself, execute all the documents I shall sign as stipulated in Exclusive Option Agreement entered into by and among I, WFOE and Domestic Company on August 5, 2015 and the Equity Pledge Agreement entered into by and among I, WFOE and Domestic Company on August 5, 2015 (including any modification, amendment and restatement thereto, collectively the "Transaction Documents"), and perform the terms of the Transaction Documents.

All the actions associated with My Shareholding conducted by WFOE shall be deemed as my own actions, and all the documents related to My Shareholding executed by WFOE shall be deemed to be executed by me. I hereby acknowledge and ratify those actions and/or documents by WFOE.

WFOE is entitled to re-authorize or assign its rights related to the aforesaid matters to any other person or entity at its own discretion and without giving prior notice to me or obtaining my consent. If required by PRC laws, WFOE shall designate a PRC citizen to exercise the aforementioned rights.

This Power of Attorney is coupled with an interest and shall be irrevocable and continuously valid from the date of execution of this Power of Attorney, so long as I am a shareholder of Domestic Company.

During the term of this Power of Attorney, I hereby waive all the rights associated with My Shareholding, which have been authorized to WFOE through this Power of Attorney, and shall not exercise such rights by myself.

This Power of Attorney is written in Chinese and English; in case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

**Xiaohua Chen**

By: /s/ Xiaohua Chen

August 5, 2015

Accepted by:

**Beijing 58 Daojia Information Technology Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

Acknowledged by:

**Tianjin 58 Daojia Home Services Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

## Loan Agreement

This Loan Agreement (this "Agreement") is made and entered into by and between the Parties below as of August 5, 2015 in Beijing, China:

- (1) **Beijing 58 Daojia Information Technology Co., Ltd.** ("Lender"), a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Room D101A-123, Building B-2 of Zhongguancun Dongsheng Science Park, #66 Xixiaokou Road, Haidian District, Beijing;
- (2) **58 Co., Ltd.**, a limited liability company organized and existing under the laws of the PRC, with its address at Room 210-03, Office Building, Nangang Industry Zone, Economic and Technological Development District, Tianjin.

Each of the Lender and the Borrower shall be hereinafter referred to as a "Party" respectively, and as the "Parties" collectively.

### Whereas:

1. As of the date hereof, Borrower holds 91.8% of equity interests in Tianjin 58 Daojia Home Services Co., Ltd. ("Borrower Company"). All of the equity interest now held and hereafter acquired by Borrower in Borrower Company shall be referred to as Borrower Equity Interest;
2. Lender confirms that it agrees to provide Borrower with and Borrower confirms that he/she has received a loan which equals to RMB91,800,000 to be used for the purposes set forth under this Agreement.

After friendly consultation, the Parties agree as follows:

### **1** Loan

- 1.1 In accordance with the terms and conditions of this Agreement, Lender and Borrower hereby acknowledge that Borrower has obtained from Lender a loan in the amount of RMB91,800,000 (the "Loan"). The term of the Loan shall be 10 years from the effective date of this Agreement, which may be extended upon mutual written consent of the Parties. During the term of the Loan or the extended term of the Loan, Borrower shall immediately repay the full amount of the Loan in the event any one or more of the following circumstances occur:
  - 1.1.1 30 days elapse after Borrower receives a written notice from Lender requesting repayment of the Loan;
  - 1.1.2 Borrower's death, lack or limitation of civil capacity;
  - 1.1.3 Borrower ceases (for any reason) to be an employee of Lender, Borrower Company or their affiliates;

- 1.1.4 Borrower engages in criminal act or is involved in criminal activities;
- 1.1.5 According to the applicable laws of China, foreign investors are permitted to invest in the Principle Business that is currently conducted by Borrower Company in China with a controlling stake and/or in the form of wholly-foreign-owned enterprises, the relevant competent authorities of China begin to approve such investments, and Lender exercises the exclusive option under the Exclusive Option Agreement (the "Exclusive Option Agreement") described in this Agreement.
- 1.2 The Loan provided by Lender under this Agreement shall inure to Borrower's benefit only and not to Borrower's successors or assigns.
- 1.3 Borrower agrees to accept the aforementioned Loan provided by Lender, and hereby agrees and warrants using the Loan to increase the registered capital of Borrower Company. Without Lender's prior written consent, Borrower shall not use the Loan for any purpose other than as set forth herein.
- 1.4 Lender and Borrower hereby agree and acknowledge that Borrower's method of repayment shall be at the sole discretion of Lender, and may at Lender's option take the form of Borrower's transferring the Borrower Equity Interest in whole to Lender or Lender's designated persons (legal or natural persons) pursuant to the Lender's exercise of its right to acquire the Borrower Equity Interest under the Exclusive Option Agreement.
- 1.5 Lender and Borrower hereby agree and acknowledge that any proceeds from the transfer of the Borrower Equity Interest (to the extent permissible) shall be used to repay the Loan to Lender, in accordance with this Agreement and in the manner designated by Lender.
- 1.6 Lender and Borrower hereby agree and acknowledge that to the extent permitted by applicable laws, Lender shall have the right but not the obligation to purchase or designate other persons (legal or natural persons) to purchase Borrower Equity Interest in part or in whole at any time, at the price stipulated in the Exclusive Option Agreement.
- 1.7 Borrower also undertakes to execute an irrevocable Power of Attorney (the "Power of Attorney"), which authorizes Lender or a legal or natural person designated by Lender to exercise all of Borrower's rights as a shareholder of Borrower Company.
- 1.8 When Borrower transfers Borrower Equity Interest to Lender or Lender's designated person(s), in the event that the transfer price of such equity interest equals or is lower than the principal of the Loan under this Agreement, the Loan under this Agreement shall be deemed an interest-free loan. In the event that the transfer price of such equity interest exceeds the principal of the Loan under this Agreement, the excess over the principal shall be deemed the interest of the Loan under this Agreement payable by Borrower to Lender.

## **2 Representations and Warranties**

- 2.1 Between the date of this Agreement and the date of termination of this Agreement, Lender hereby makes the following representations and warranties to Borrower:
- 2.1.1 Lender is a corporation duly organized and legally existing in accordance with the laws of China;
  - 2.1.2 Lender has the legal capacity to execute and perform this Agreement. The execution and performance by Lender of this Agreement is consistent with Lender's scope of business and the provisions of Lender's corporate bylaws and other organizational documents, and Lender has obtained all necessary and proper approvals and authorizations for the execution and performance of this Agreement; and
  - 2.1.3 This Agreement constitutes Lender's legal, valid and binding obligations enforceable in accordance with its terms.
- 2.2 Between the date of this Agreement and the date of termination of this Agreement, Borrower hereby makes the following representations and warranties:
- 2.2.1 Borrower has the legal capacity to execute and perform this Agreement. Borrower has obtained all necessary and proper approvals and authorizations for the execution and performance of this Agreement;
  - 2.2.2 This Agreement constitutes Borrower's legal, valid and binding obligations enforceable in accordance with its terms; and
  - 2.2.3 There are no disputes, litigations, arbitrations, administrative proceedings or any other legal proceedings relating to Borrower, nor are there any potential disputes, litigations, arbitrations, administrative proceedings or any other legal proceedings relating to Borrower.

## **3 Borrower's Covenants**

- 3.1 As and when he becomes, and for so long as he remains a shareholder of Borrower Company, Borrower covenants irrevocably that during the term of this Agreement, Borrower shall cause Borrower Company:
- 3.1.1 to strictly abide by the provisions of the Exclusive Option Agreement and the Exclusive Business Cooperation Agreement to which the Borrower Company is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability of the Exclusive Option Agreement and Exclusive Business Cooperation Agreement.

- 3.1.2 at the request of Lender (or a party designated by Lender), to execute contracts/agreements on business cooperation with Lender (or a party designated by Lender), and to strictly abide by such contracts/agreements;
  - 3.1.3 to provide Lender with all of the information on Borrower Company's business operations and financial condition at Lender's request;
  - 3.1.4 to immediately notify Lender of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Borrower Company's assets, business or income;
  - 3.1.5 at the request of Lender, to appoint any persons designated by Lender as directors of Borrower Company;
- 3.2 Borrower covenants that during the term of this Agreement, he shall:
- 3.2.1 endeavor to keep Borrower Company to engage in its Principle Businesses;
  - 3.2.2 abide by the provisions of this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement to which the Borrower is a party, perform his obligations under this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement, and refrain from any action/omission that may affect the effectiveness and enforceability of this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement;
  - 3.2.3 not sell, transfer, mortgage or dispose of in any other manner the legal or beneficial interest in Borrower Equity Interest, or allow the encumbrance thereon of any security interest or the encumbrance, except in accordance with the Equity Interest Pledge Agreement;
  - 3.2.4 cause any shareholders' meeting and/or the board of directors of Borrower Company not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in Borrower Equity Interest, or allow the encumbrance thereon of any security interest, except to Lender or Lender's designated person;
  - 3.2.5 cause any shareholders' meeting and/or the board of directors of the Borrower Company not to approve the merger or consolidation of Borrower Company with any person, or its acquisition of or investment in any person, without the prior written consent of Lender;

- 3.2.6 immediately notify Lender of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Borrower Equity Interest;
- 3.2.7 to the extent necessary to maintain his ownership of the Borrower Equity Interest, execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defense against all claims;
- 3.2.8 without the prior written consent of Lender, refrain from any action /omission that may have a material impact on the assets, business and liabilities of Borrower Company;
- 3.2.9 appoint any designee of Lender as director of Borrower Company, at the request of Lender;
- 3.2.10 to the extent permitted by the laws of China, at the request of Lender at any time, promptly and unconditionally transfer all of Borrower Equity Interest to Lender or Lender's designated representative(s) at any time, and cause the other shareholders of Borrower Company to waive their right of first refusal with respect to the share transfer described in this Section;
- 3.2.11 to the extent permitted by the laws of China, at the request of Lender at any time, cause the other shareholders of Borrower Company to promptly and unconditionally transfer all of their equity interests to Lender or Lender's designated representative(s) at any time, and Borrower hereby waives his right of first refusal (if any) with respect to the share transfer described in this Section;
- 3.2.12 in the event that Lender purchases Borrower Equity Interest from Borrower in accordance with the provisions of the Exclusive Option Agreement, use such purchase price obtained thereby to repay the Loan to Lender; and
- 3.2.13 without the prior written consent of Lender, not to cause Borrower Company to supplement, change, or amend its articles of association in any manner, increase or decreases its registered capital or change its share capital structure in any manner.

#### **4 Liability for Default**

- 4.1 If Borrower conducts any material breach of any term of this Agreement, Lender shall have right to terminate this Agreement and require the Borrower to compensate all damages; this Section 4.1 shall not prejudice any other rights of Lender herein.

- 4.2 If Lender conducts any breach of any term of this Agreement, Borrower shall not terminate this Agreement in any event unless otherwise required by applicable laws.
- 4.3 In the event that Borrower fails to perform the repayment obligations set forth in this Agreement, Borrower shall pay overdue interest of 0.01% per day for the outstanding payment, until the day Borrower repays the full principal of the Loan, overdue interests and other payable amounts.

## 5 Notices

5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery.

5.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

5.2 For the purpose of notices, the addresses of the Parties are as follows:

**Lender: Beijing 58 Daojia Information Technology Co., Ltd.**  
Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

**Borrower: 58 Co., Ltd.**  
Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

5.3 Any Party may at any time change its address for notices by a notice delivered to the other Party in accordance with the terms hereof.

## **6 Confidentiality**

The Parties acknowledge that any oral or written information exchanged among them with respect to this Agreement is confidential information. The Parties shall maintain the confidentiality of all such information, and without the written consent of other Party, either Party shall not disclose any relevant information to any third party, except in the following circumstances: (a) such information is or will be in the public domain (provided that this is not the result of a public disclosure by the receiving party); (b) information disclosed as required by applicable laws or rules or regulations of any stock exchange; or (c) information required to be disclosed by any Party to its legal counsel or financial advisor regarding the transaction contemplated hereunder, and such legal counsel or financial advisor are also bound by confidentiality duties similar to the duties in this section. Disclosure of any confidential information by the staff members or agency hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This section shall survive the termination of this Agreement for any reason.

## **7 Governing Law and Resolution of Disputes**

- 7.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes shall be governed by the laws of China.
- 7.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Party for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its then effective arbitration rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.
- 7.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

## **8 Miscellaneous**

- 8.1 This Agreement should become effective upon execution by the Parties, and shall expire upon the date of full performance by the Parties of their respective obligations under this Agreement.
- 8.2 This Agreement shall be written in both Chinese and English language in two copies, each Party having one copy with equal legal validity. In case there is any conflict between the Chinese version and the English version, the Chinese version shall apply.

- 8.3 This Agreement may be amended or supplemented through written agreement by and between Lender and Borrower. Such written amendment agreement and/or supplementary agreement executed by and between Lender and Borrower are an integral part of this Agreement, and shall have the same legal validity as this Agreement.
- 8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.
- 8.5 The attachments (if any) to this Agreement shall be an integral part of this Agreement and shall have the same legal validity as this Agreement.
- 8.6 Any obligations that occur or that are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof. The provisions of Sections 4, 6, 7 and this Section 8.6 shall survive the termination of this Agreement.

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Loan Agreement as of the date first above written.

**Lender: Beijing 58 Daojia Information Technology Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

**Borrower: 58 Co. Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

## Loan Agreement

This Loan Agreement (this "Agreement") is made and entered into by and between the Parties below as of August 5, 2015 in Beijing, China:

- (1) **Beijing 58 Daojia Information Technology Co., Ltd.** ("Lender"), a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Room D101A-123, Building B-2 of Zhongguancun Dongsheng Science Park, #66 Xixiaokou Road, Haidian District, Beijing;
- (2) **Jinbo Yao** ("Borrower"), a citizen of China with Chinese Identification No.: .

Each of the Lender and the Borrower shall be hereinafter referred to as a "Party" respectively, and as the "Parties" collectively.

### Whereas:

1. As of the date hereof, Borrower holds 1.4% of equity interests in Tianjin 58 Daojia Home Services Co., Ltd. ("Borrower Company"). All of the equity interest now held and hereafter acquired by Borrower in Borrower Company shall be referred to as Borrower Equity Interest;
2. Lender confirms that it agrees to provide Borrower with and Borrower confirms that he/she has received a loan which equals to RMB1,400,000 to be used for the purposes set forth under this Agreement.

After friendly consultation, the Parties agree as follows:

### 1 Loan

- 1.1 In accordance with the terms and conditions of this Agreement, Lender and Borrower hereby acknowledge that Borrower has obtained from Lender a loan in the amount of RMB1,400,000 (the "Loan"). The term of the Loan shall be 10 years from the effective date of this Agreement, which may be extended upon mutual written consent of the Parties. During the term of the Loan or the extended term of the Loan, Borrower shall immediately repay the full amount of the Loan in the event any one or more of the following circumstances occur:
  - 1.1.1 30 days elapse after Borrower receives a written notice from Lender requesting repayment of the Loan;
  - 1.1.2 Borrower's death, lack or limitation of civil capacity;
  - 1.1.3 Borrower ceases (for any reason) to be an employee of Lender, Borrower Company or their affiliates;

- 1.1.4 Borrower engages in criminal act or is involved in criminal activities;
- 1.1.5 According to the applicable laws of China, foreign investors are permitted to invest in the Principle Business that is currently conducted by Borrower Company in China with a controlling stake and/or in the form of wholly-foreign-owned enterprises, the relevant competent authorities of China begin to approve such investments, and Lender exercises the exclusive option under the Exclusive Option Agreement (the “Exclusive Option Agreement”) described in this Agreement.
- 1.2 The Loan provided by Lender under this Agreement shall inure to Borrower’s benefit only and not to Borrower’s successors or assigns.
- 1.3 Borrower agrees to accept the aforementioned Loan provided by Lender, and hereby agrees and warrants using the Loan to increase the registered capital of Borrower Company. Without Lender’s prior written consent, Borrower shall not use the Loan for any purpose other than as set forth herein.
- 1.4 Lender and Borrower hereby agree and acknowledge that Borrower’s method of repayment shall be at the sole discretion of Lender, and may at Lender’s option take the form of Borrower’s transferring the Borrower Equity Interest in whole to Lender or Lender’s designated persons (legal or natural persons) pursuant to the Lender’s exercise of its right to acquire the Borrower Equity Interest under the Exclusive Option Agreement.
- 1.5 Lender and Borrower hereby agree and acknowledge that any proceeds from the transfer of the Borrower Equity Interest (to the extent permissible) shall be used to repay the Loan to Lender, in accordance with this Agreement and in the manner designated by Lender.
- 1.6 Lender and Borrower hereby agree and acknowledge that to the extent permitted by applicable laws, Lender shall have the right but not the obligation to purchase or designate other persons (legal or natural persons) to purchase Borrower Equity Interest in part or in whole at any time, at the price stipulated in the Exclusive Option Agreement.
- 1.7 Borrower also undertakes to execute an irrevocable Power of Attorney (the “Power of Attorney”), which authorizes Lender or a legal or natural person designated by Lender to exercise all of Borrower’s rights as a shareholder of Borrower Company.
- 1.8 When Borrower transfers Borrower Equity Interest to Lender or Lender’s designated person(s), in the event that the transfer price of such equity interest equals or is lower than the principal of the Loan under this Agreement, the Loan under this Agreement shall be deemed an interest-free loan. In the event that the transfer price of such equity interest exceeds the principal of the Loan under this Agreement, the excess over the principal shall be deemed the interest of the Loan under this Agreement payable by Borrower to Lender.

## **2 Representations and Warranties**

2.1 Between the date of this Agreement and the date of termination of this Agreement, Lender hereby makes the following representations and warranties to Borrower:

2.1.1 Lender is a corporation duly organized and legally existing in accordance with the laws of China;

2.1.2 Lender has the legal capacity to execute and perform this Agreement. The execution and performance by Lender of this Agreement is consistent with Lender's scope of business and the provisions of Lender's corporate bylaws and other organizational documents, and Lender has obtained all necessary and proper approvals and authorizations for the execution and performance of this Agreement; and

2.1.3 This Agreement constitutes Lender's legal, valid and binding obligations enforceable in accordance with its terms.

2.2 Between the date of this Agreement and the date of termination of this Agreement, Borrower hereby makes the following representations and warranties:

2.2.1 Borrower has the legal capacity to execute and perform this Agreement. Borrower has obtained all necessary and proper approvals and authorizations for the execution and performance of this Agreement;

2.2.2 This Agreement constitutes Borrower's legal, valid and binding obligations enforceable in accordance with its terms; and

2.2.3 There are no disputes, litigations, arbitrations, administrative proceedings or any other legal proceedings relating to Borrower, nor are there any potential disputes, litigations, arbitrations, administrative proceedings or any other legal proceedings relating to Borrower.

## **3 Borrower's Covenants**

3.1 As and when he becomes, and for so long as he remains a shareholder of Borrower Company, Borrower covenants irrevocably that during the term of this Agreement, Borrower shall cause Borrower Company:

- 3.1.1 to strictly abide by the provisions of the Exclusive Option Agreement and the Exclusive Business Cooperation Agreement to which the Borrower Company is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability of the Exclusive Option Agreement and Exclusive Business Cooperation Agreement.
- 3.1.2 at the request of Lender (or a party designated by Lender), to execute contracts/agreements on business cooperation with Lender (or a party designated by Lender), and to strictly abide by such contracts/agreements;
- 3.1.3 to provide Lender with all of the information on Borrower Company's business operations and financial condition at Lender's request;
- 3.1.4 to immediately notify Lender of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Borrower Company's assets, business or income;
- 3.1.5 at the request of Lender, to appoint any persons designated by Lender as directors of Borrower Company;
- 3.2 Borrower covenants that during the term of this Agreement, he shall:
  - 3.2.1 endeavor to keep Borrower Company to engage in its Principle Businesses;
  - 3.2.2 abide by the provisions of this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement to which the Borrower is a party, perform his obligations under this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement, and refrain from any action/omission that may affect the effectiveness and enforceability of this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement;
  - 3.2.3 not sell, transfer, mortgage or dispose of in any other manner the legal or beneficial interest in Borrower Equity Interest, or allow the encumbrance thereon of any security interest or the encumbrance, except in accordance with the Equity Interest Pledge Agreement;
  - 3.2.4 cause any shareholders' meeting and/or the board of directors of Borrower Company not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in Borrower Equity Interest, or allow the encumbrance thereon of any security interest, except to Lender or Lender's designated person;
  - 3.2.5 cause any shareholders' meeting and/or the board of directors of the Borrower Company not to approve the merger or consolidation of Borrower Company with any person, or its acquisition of or investment in any person, without the prior written consent of Lender;

- 3.2.6 immediately notify Lender of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Borrower Equity Interest;
- 3.2.7 to the extent necessary to maintain his ownership of the Borrower Equity Interest, execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defense against all claims;
- 3.2.8 without the prior written consent of Lender, refrain from any action /omission that may have a material impact on the assets, business and liabilities of Borrower Company;
- 3.2.9 appoint any designee of Lender as director of Borrower Company, at the request of Lender;
- 3.2.10 to the extent permitted by the laws of China, at the request of Lender at any time, promptly and unconditionally transfer all of Borrower Equity Interest to Lender or Lender's designated representative(s) at any time, and cause the other shareholders of Borrower Company to waive their right of first refusal with respect to the share transfer described in this Section;
- 3.2.11 to the extent permitted by the laws of China, at the request of Lender at any time, cause the other shareholders of Borrower Company to promptly and unconditionally transfer all of their equity interests to Lender or Lender's designated representative(s) at any time, and Borrower hereby waives his right of first refusal (if any) with respect to the share transfer described in this Section;
- 3.2.12 in the event that Lender purchases Borrower Equity Interest from Borrower in accordance with the provisions of the Exclusive Option Agreement, use such purchase price obtained thereby to repay the Loan to Lender; and
- 3.2.13 without the prior written consent of Lender, not to cause Borrower Company to supplement, change, or amend its articles of association in any manner, increase or decreases its registered capital or change its share capital structure in any manner.

#### **4 Liability for Default**

- 4.1 If Borrower conducts any material breach of any term of this Agreement, Lender shall have right to terminate this Agreement and require the Borrower to compensate all damages; this Section 4.1 shall not prejudice any other rights of Lender herein.

- 4.2 If Lender conducts any breach of any term of this Agreement, Borrower shall not terminate this Agreement in any event unless otherwise required by applicable laws.
- 4.3 In the event that Borrower fails to perform the repayment obligations set forth in this Agreement, Borrower shall pay overdue interest of 0.01% per day for the outstanding payment, until the day Borrower repays the full principal of the Loan, overdue interests and other payable amounts.

## 5 Notices

- 5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:
- 5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery.
- 5.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).
- 5.2 For the purpose of notices, the addresses of the Parties are as follows:

**Lender: Beijing 58 Daojia Information Technology Co., Ltd.**  
Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

**Borrower: Jinbo Yao**  
Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

- 5.3 Any Party may at any time change its address for notices by a notice delivered to the other Party in accordance with the terms hereof.

## **6 Confidentiality**

The Parties acknowledge that any oral or written information exchanged among them with respect to this Agreement is confidential information. The Parties shall maintain the confidentiality of all such information, and without the written consent of other Party, either Party shall not disclose any relevant information to any third party, except in the following circumstances: (a) such information is or will be in the public domain (provided that this is not the result of a public disclosure by the receiving party); (b) information disclosed as required by applicable laws or rules or regulations of any stock exchange; or (c) information required to be disclosed by any Party to its legal counsel or financial advisor regarding the transaction contemplated hereunder, and such legal counsel or financial advisor are also bound by confidentiality duties similar to the duties in this section. Disclosure of any confidential information by the staff members or agency hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This section shall survive the termination of this Agreement for any reason.

## **7 Governing Law and Resolution of Disputes**

- 7.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes shall be governed by the laws of China.
- 7.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Party for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its then effective arbitration rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.
- 7.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

## **8 Miscellaneous**

- 8.1 This Agreement should become effective upon execution by the Parties , and shall expire upon the date of full performance by the Parties of their respective obligations under this Agreement.
- 8.2 This Agreement shall be written in both Chinese and English language in two copies, each Party having one copy with equal legal validity. In case there is any conflict between the Chinese version and the English version, the Chinese version shall apply.

- 8.3 This Agreement may be amended or supplemented through written agreement by and between Lender and Borrower. Such written amendment agreement and/or supplementary agreement executed by and between Lender and Borrower are an integral part of this Agreement, and shall have the same legal validity as this Agreement.
- 8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.
- 8.5 The attachments (if any) to this Agreement shall be an integral part of this Agreement and shall have the same legal validity as this Agreement.
- 8.6 Any obligations that occur or that are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof. The provisions of Sections 4, 6, 7 and this Section 8.6 shall survive the termination of this Agreement.

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Loan Agreement as of the date first above written.

**Lender: Beijing 58 Daojia Information Technology Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

**Borrower: Jinbo Yao**

By: /s/ Jinbo Yao

## Loan Agreement

This Loan Agreement (this "Agreement") is made and entered into by and between the Parties below as of August 5, 2015 in Beijing, China:

- (1) **Beijing 58 Daojia Information Technology Co., Ltd.** ("Lender"), a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Room D101A-123, Building B-2 of Zhongguancun Dongsheng Science Park, #66 Xixiaokou Road, Haidian District, Beijing;
- (2) **Ou Bai** ("Borrower"), a citizen of China with Chinese Identification No.: .

Each of the Lender and the Borrower shall be hereinafter referred to as a "Party" respectively, and as the "Parties" collectively.

### Whereas:

1. As of the date hereof, Borrower holds 2.3% of equity interests in Tianjin 58 Daojia Home Services Co., Ltd. ("Borrower Company"). All of the equity interest now held and hereafter acquired by Borrower in Borrower Company shall be referred to as Borrower Equity Interest;
2. Lender confirms that it agrees to provide Borrower with and Borrower confirms that he/she has received a loan which equals to RMB2,300,000 to be used for the purposes set forth under this Agreement.

After friendly consultation, the Parties agree as follows:

### 1 Loan

- 1.1 In accordance with the terms and conditions of this Agreement, Lender and Borrower hereby acknowledge that Borrower has obtained from Lender a loan in the amount of RMB2,300,000 (the "Loan"). The term of the Loan shall be 10 years from the effective date of this Agreement, which may be extended upon mutual written consent of the Parties. During the term of the Loan or the extended term of the Loan, Borrower shall immediately repay the full amount of the Loan in the event any one or more of the following circumstances occur:
  - 1.1.1 30 days elapse after Borrower receives a written notice from Lender requesting repayment of the Loan;
  - 1.1.2 Borrower's death, lack or limitation of civil capacity;
  - 1.1.3 Borrower ceases (for any reason) to be an employee of Lender, Borrower Company or their affiliates;

- 1.1.4 Borrower engages in criminal act or is involved in criminal activities;
- 1.1.5 According to the applicable laws of China, foreign investors are permitted to invest in the Principle Business that is currently conducted by Borrower Company in China with a controlling stake and/or in the form of wholly-foreign-owned enterprises, the relevant competent authorities of China begin to approve such investments, and Lender exercises the exclusive option under the Exclusive Option Agreement (the “Exclusive Option Agreement”) described in this Agreement.
- 1.2 The Loan provided by Lender under this Agreement shall inure to Borrower’s benefit only and not to Borrower’s successors or assigns.
- 1.3 Borrower agrees to accept the aforementioned Loan provided by Lender, and hereby agrees and warrants using the Loan to increase the registered capital of Borrower Company. Without Lender’s prior written consent, Borrower shall not use the Loan for any purpose other than as set forth herein.
- 1.4 Lender and Borrower hereby agree and acknowledge that Borrower’s method of repayment shall be at the sole discretion of Lender, and may at Lender’s option take the form of Borrower’s transferring the Borrower Equity Interest in whole to Lender or Lender’s designated persons (legal or natural persons) pursuant to the Lender’s exercise of its right to acquire the Borrower Equity Interest under the Exclusive Option Agreement.
- 1.5 Lender and Borrower hereby agree and acknowledge that any proceeds from the transfer of the Borrower Equity Interest (to the extent permissible) shall be used to repay the Loan to Lender, in accordance with this Agreement and in the manner designated by Lender.
- 1.6 Lender and Borrower hereby agree and acknowledge that to the extent permitted by applicable laws, Lender shall have the right but not the obligation to purchase or designate other persons (legal or natural persons) to purchase Borrower Equity Interest in part or in whole at any time, at the price stipulated in the Exclusive Option Agreement.
- 1.7 Borrower also undertakes to execute an irrevocable Power of Attorney (the “Power of Attorney”), which authorizes Lender or a legal or natural person designated by Lender to exercise all of Borrower’s rights as a shareholder of Borrower Company.
- 1.8 When Borrower transfers Borrower Equity Interest to Lender or Lender’s designated person(s), in the event that the transfer price of such equity interest equals or is lower than the principal of the Loan under this Agreement, the Loan under this Agreement shall be deemed an interest-free loan. In the event that the transfer price of such equity interest exceeds the principal of the Loan under this Agreement, the excess over the principal shall be deemed the interest of the Loan under this Agreement payable by Borrower to Lender.

## **2 Representations and Warranties**

- 2.1 Between the date of this Agreement and the date of termination of this Agreement, Lender hereby makes the following representations and warranties to Borrower:
- 2.1.1 Lender is a corporation duly organized and legally existing in accordance with the laws of China;
  - 2.1.2 Lender has the legal capacity to execute and perform this Agreement. The execution and performance by Lender of this Agreement is consistent with Lender's scope of business and the provisions of Lender's corporate bylaws and other organizational documents, and Lender has obtained all necessary and proper approvals and authorizations for the execution and performance of this Agreement; and
  - 2.1.3 This Agreement constitutes Lender's legal, valid and binding obligations enforceable in accordance with its terms.
- 2.2 Between the date of this Agreement and the date of termination of this Agreement, Borrower hereby makes the following representations and warranties:
- 2.2.1 Borrower has the legal capacity to execute and perform this Agreement. Borrower has obtained all necessary and proper approvals and authorizations for the execution and performance of this Agreement;
  - 2.2.2 This Agreement constitutes Borrower's legal, valid and binding obligations enforceable in accordance with its terms; and
  - 2.2.3 There are no disputes, litigations, arbitrations, administrative proceedings or any other legal proceedings relating to Borrower, nor are there any potential disputes, litigations, arbitrations, administrative proceedings or any other legal proceedings relating to Borrower.

## **3 Borrower's Covenants**

- 3.1 As and when he becomes, and for so long as he remains a shareholder of Borrower Company, Borrower covenants irrevocably that during the term of this Agreement, Borrower shall cause Borrower Company:

- 3.1.1 to strictly abide by the provisions of the Exclusive Option Agreement and the Exclusive Business Cooperation Agreement to which the Borrower Company is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability of the Exclusive Option Agreement and Exclusive Business Cooperation Agreement.
- 3.1.2 at the request of Lender (or a party designated by Lender), to execute contracts/agreements on business cooperation with Lender (or a party designated by Lender), and to strictly abide by such contracts/agreements;
- 3.1.3 to provide Lender with all of the information on Borrower Company's business operations and financial condition at Lender's request;
- 3.1.4 to immediately notify Lender of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Borrower Company's assets, business or income;
- 3.1.5 at the request of Lender, to appoint any persons designated by Lender as directors of Borrower Company;
- 3.2 Borrower covenants that during the term of this Agreement, he shall:
  - 3.2.1 endeavor to keep Borrower Company to engage in its Principle Businesses;
  - 3.2.2 abide by the provisions of this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement to which the Borrower is a party, perform his obligations under this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement, and refrain from any action/omission that may affect the effectiveness and enforceability of this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement;
  - 3.2.3 not sell, transfer, mortgage or dispose of in any other manner the legal or beneficial interest in Borrower Equity Interest, or allow the encumbrance thereon of any security interest or the encumbrance, except in accordance with the Equity Interest Pledge Agreement;
  - 3.2.4 cause any shareholders' meeting and/or the board of directors of Borrower Company not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in Borrower Equity Interest, or allow the encumbrance thereon of any security interest, except to Lender or Lender's designated person;
  - 3.2.5 cause any shareholders' meeting and/or the board of directors of the Borrower Company not to approve the merger or consolidation of Borrower Company with any person, or its acquisition of or investment in any person, without the prior written consent of Lender;

- 3.2.6 immediately notify Lender of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Borrower Equity Interest;
- 3.2.7 to the extent necessary to maintain his ownership of the Borrower Equity Interest, execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defense against all claims;
- 3.2.8 without the prior written consent of Lender, refrain from any action /omission that may have a material impact on the assets, business and liabilities of Borrower Company;
- 3.2.9 appoint any designee of Lender as director of Borrower Company, at the request of Lender;
- 3.2.10 to the extent permitted by the laws of China, at the request of Lender at any time, promptly and unconditionally transfer all of Borrower Equity Interest to Lender or Lender's designated representative(s) at any time, and cause the other shareholders of Borrower Company to waive their right of first refusal with respect to the share transfer described in this Section;
- 3.2.11 to the extent permitted by the laws of China, at the request of Lender at any time, cause the other shareholders of Borrower Company to promptly and unconditionally transfer all of their equity interests to Lender or Lender's designated representative(s) at any time, and Borrower hereby waives his right of first refusal (if any) with respect to the share transfer described in this Section;
- 3.2.12 in the event that Lender purchases Borrower Equity Interest from Borrower in accordance with the provisions of the Exclusive Option Agreement, use such purchase price obtained thereby to repay the Loan to Lender; and
- 3.2.13 without the prior written consent of Lender, not to cause Borrower Company to supplement, change, or amend its articles of association in any manner, increase or decreases its registered capital or change its share capital structure in any manner.

#### **4 Liability for Default**

- 4.1 If Borrower conducts any material breach of any term of this Agreement, Lender shall have right to terminate this Agreement and require the Borrower to compensate all damages; this Section 4.1 shall not prejudice any other rights of Lender herein.

- 4.2 If Lender conducts any breach of any term of this Agreement, Borrower shall not terminate this Agreement in any event unless otherwise required by applicable laws.
- 4.3 In the event that Borrower fails to perform the repayment obligations set forth in this Agreement, Borrower shall pay overdue interest of 0.01% per day for the outstanding payment, until the day Borrower repays the full principal of the Loan, overdue interests and other payable amounts.

## 5 **Notices**

- 5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:
- 5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery.
- 5.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).
- 5.2 For the purpose of notices, the addresses of the Parties are as follows:

**Lender: Beijing 58 Daojia Information Technology Co., Ltd.**  
Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

**Borrower: Ou Bai**  
Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

- 5.3 Any Party may at any time change its address for notices by a notice delivered to the other Party in accordance with the terms hereof.

## **6 Confidentiality**

The Parties acknowledge that any oral or written information exchanged among them with respect to this Agreement is confidential information. The Parties shall maintain the confidentiality of all such information, and without the written consent of other Party, either Party shall not disclose any relevant information to any third party, except in the following circumstances: (a) such information is or will be in the public domain (provided that this is not the result of a public disclosure by the receiving party); (b) information disclosed as required by applicable laws or rules or regulations of any stock exchange; or (c) information required to be disclosed by any Party to its legal counsel or financial advisor regarding the transaction contemplated hereunder, and such legal counsel or financial advisor are also bound by confidentiality duties similar to the duties in this section. Disclosure of any confidential information by the staff members or agency hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This section shall survive the termination of this Agreement for any reason.

## **7 Governing Law and Resolution of Disputes**

- 7.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes shall be governed by the laws of China.
- 7.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Party for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its then effective arbitration rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.
- 7.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

## **8 Miscellaneous**

- 8.1 This Agreement should become effective upon execution by the Parties, and shall expire upon the date of full performance by the Parties of their respective obligations under this Agreement.
- 8.2 This Agreement shall be written in both Chinese and English language in two copies, each Party having one copy with equal legal validity. In case there is any conflict between the Chinese version and the English version, the Chinese version shall apply.

- 8.3 This Agreement may be amended or supplemented through written agreement by and between Lender and Borrower. Such written amendment agreement and/or supplementary agreement executed by and between Lender and Borrower are an integral part of this Agreement, and shall have the same legal validity as this Agreement.
- 8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.
- 8.5 The attachments (if any) to this Agreement shall be an integral part of this Agreement and shall have the same legal validity as this Agreement.
- 8.6 Any obligations that occur or that are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof. The provisions of Sections 4, 6, 7 and this Section 8.6 shall survive the termination of this Agreement.

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Loan Agreement as of the date first above written.

**Lender: Beijing 58 Daojia Information Technology Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

**Borrower: Ou Bai**

By: /s/ Ou Bai

## Loan Agreement

This Loan Agreement (this "Agreement") is made and entered into by and between the Parties below as of August 5, 2015 in Beijing, China:

- (1) **Beijing 58 Daojia Information Technology Co., Ltd.** ("Lender"), a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Room D101A-123, Building B-2 of Zhongguancun Dongsheng Science Park, 66# Xixiaokou Road, Haidian District, Beijing;
- (2) **Xiaohua Chen** ("Borrower"), a citizen of China with Chinese Identification No.: .

Each of the Lender and the Borrower shall be hereinafter referred to as a "Party" respectively, and as the "Parties" collectively.

### Whereas:

1. As of the date hereof, Borrower holds 4.5% of equity interests in Tianjin 58 Daojia Home Services Co., Ltd. ("Borrower Company"). All of the equity interest now held and hereafter acquired by Borrower in Borrower Company shall be referred to as Borrower Equity Interest;
2. Lender confirms that it agrees to provide Borrower with and Borrower confirms that he/she has received a loan which equals to RMB4,500,000 to be used for the purposes set forth under this Agreement.

After friendly consultation, the Parties agree as follows:

### 1 Loan

- 1.1 In accordance with the terms and conditions of this Agreement, Lender and Borrower hereby acknowledge that Borrower has obtained from Lender a loan in the amount of RMB4,500,000 (the "Loan"). The term of the Loan shall be 10 years from the effective date of this Agreement, which may be extended upon mutual written consent of the Parties. During the term of the Loan or the extended term of the Loan, Borrower shall immediately repay the full amount of the Loan in the event any one or more of the following circumstances occur:
  - 1.1.1 30 days elapse after Borrower receives a written notice from Lender requesting repayment of the Loan;
  - 1.1.2 Borrower's death, lack or limitation of civil capacity;
  - 1.1.3 Borrower ceases (for any reason) to be an employee of Lender, Borrower Company or their affiliates;

- 1.1.4 Borrower engages in criminal act or is involved in criminal activities;
- 1.1.5 According to the applicable laws of China, foreign investors are permitted to invest in the Principle Business that is currently conducted by Borrower Company in China with a controlling stake and/or in the form of wholly-foreign-owned enterprises, the relevant competent authorities of China begin to approve such investments, and Lender exercises the exclusive option under the Exclusive Option Agreement (the “Exclusive Option Agreement”) described in this Agreement.
- 1.2 The Loan provided by Lender under this Agreement shall inure to Borrower’s benefit only and not to Borrower’s successors or assigns.
- 1.3 Borrower agrees to accept the aforementioned Loan provided by Lender, and hereby agrees and warrants using the Loan to increase the registered capital of Borrower Company. Without Lender’s prior written consent, Borrower shall not use the Loan for any purpose other than as set forth herein.
- 1.4 Lender and Borrower hereby agree and acknowledge that Borrower’s method of repayment shall be at the sole discretion of Lender, and may at Lender’s option take the form of Borrower’s transferring the Borrower Equity Interest in whole to Lender or Lender’s designated persons (legal or natural persons) pursuant to the Lender’s exercise of its right to acquire the Borrower Equity Interest under the Exclusive Option Agreement.
- 1.5 Lender and Borrower hereby agree and acknowledge that any proceeds from the transfer of the Borrower Equity Interest (to the extent permissible) shall be used to repay the Loan to Lender, in accordance with this Agreement and in the manner designated by Lender.
- 1.6 Lender and Borrower hereby agree and acknowledge that to the extent permitted by applicable laws, Lender shall have the right but not the obligation to purchase or designate other persons (legal or natural persons) to purchase Borrower Equity Interest in part or in whole at any time, at the price stipulated in the Exclusive Option Agreement.
- 1.7 Borrower also undertakes to execute an irrevocable Power of Attorney (the “Power of Attorney”), which authorizes Lender or a legal or natural person designated by Lender to exercise all of Borrower’s rights as a shareholder of Borrower Company.
- 1.8 When Borrower transfers Borrower Equity Interest to Lender or Lender’s designated person(s), in the event that the transfer price of such equity interest equals or is lower than the principal of the Loan under this Agreement, the Loan under this Agreement shall be deemed an interest-free loan. In the event that the transfer price of such equity interest exceeds the principal of the Loan under this Agreement, the excess over the principal shall be deemed the interest of the Loan under this Agreement payable by Borrower to Lender.

## **2 Representations and Warranties**

- 2.1 Between the date of this Agreement and the date of termination of this Agreement, Lender hereby makes the following representations and warranties to Borrower:
- 2.1.1 Lender is a corporation duly organized and legally existing in accordance with the laws of China;
  - 2.1.2 Lender has the legal capacity to execute and perform this Agreement. The execution and performance by Lender of this Agreement is consistent with Lender's scope of business and the provisions of Lender's corporate bylaws and other organizational documents, and Lender has obtained all necessary and proper approvals and authorizations for the execution and performance of this Agreement; and
  - 2.1.3 This Agreement constitutes Lender's legal, valid and binding obligations enforceable in accordance with its terms.
- 2.2 Between the date of this Agreement and the date of termination of this Agreement, Borrower hereby makes the following representations and warranties:
- 2.2.1 Borrower has the legal capacity to execute and perform this Agreement. Borrower has obtained all necessary and proper approvals and authorizations for the execution and performance of this Agreement;
  - 2.2.2 This Agreement constitutes Borrower's legal, valid and binding obligations enforceable in accordance with its terms; and
  - 2.2.3 There are no disputes, litigations, arbitrations, administrative proceedings or any other legal proceedings relating to Borrower, nor are there any potential disputes, litigations, arbitrations, administrative proceedings or any other legal proceedings relating to Borrower.

## **3 Borrower's Covenants**

- 3.1 As and when he becomes, and for so long as he remains a shareholder of Borrower Company, Borrower covenants irrevocably that during the term of this Agreement, Borrower shall cause Borrower Company:
- 3.1.1 to strictly abide by the provisions of the Exclusive Option Agreement and the Exclusive Business Cooperation Agreement to which the Borrower Company is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability of the Exclusive Option Agreement and Exclusive Business Cooperation Agreement.

- 3.1.2 at the request of Lender (or a party designated by Lender), to execute contracts/agreements on business cooperation with Lender (or a party designated by Lender), and to strictly abide by such contracts/agreements;
- 3.1.3 to provide Lender with all of the information on Borrower Company's business operations and financial condition at Lender's request;
- 3.1.4 to immediately notify Lender of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Borrower Company's assets, business or income;
- 3.1.5 at the request of Lender, to appoint any persons designated by Lender as directors of Borrower Company;
- 3.2 Borrower covenants that during the term of this Agreement, he shall:
  - 3.2.1 endeavor to keep Borrower Company to engage in its Principle Businesses;
  - 3.2.2 abide by the provisions of this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement to which the Borrower is a party, perform his obligations under this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement, and refrain from any action/omission that may affect the effectiveness and enforceability of this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement;
  - 3.2.3 not sell, transfer, mortgage or dispose of in any other manner the legal or beneficial interest in Borrower Equity Interest, or allow the encumbrance thereon of any security interest or the encumbrance, except in accordance with the Equity Interest Pledge Agreement;
  - 3.2.4 cause any shareholders' meeting and/or the board of directors of Borrower Company not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in Borrower Equity Interest, or allow the encumbrance thereon of any security interest, except to Lender or Lender's designated person;
  - 3.2.5 cause any shareholders' meeting and/or the board of directors of the Borrower Company not to approve the merger or consolidation of Borrower Company with any person, or its acquisition of or investment in any person, without the prior written consent of Lender;

- 3.2.6 immediately notify Lender of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Borrower Equity Interest;
- 3.2.7 to the extent necessary to maintain his ownership of the Borrower Equity Interest, execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defense against all claims;
- 3.2.8 without the prior written consent of Lender, refrain from any action /omission that may have a material impact on the assets, business and liabilities of Borrower Company;
- 3.2.9 appoint any designee of Lender as director of Borrower Company, at the request of Lender;
- 3.2.10 to the extent permitted by the laws of China, at the request of Lender at any time, promptly and unconditionally transfer all of Borrower Equity Interest to Lender or Lender's designated representative(s) at any time, and cause the other shareholders of Borrower Company to waive their right of first refusal with respect to the share transfer described in this Section;
- 3.2.11 to the extent permitted by the laws of China, at the request of Lender at any time, cause the other shareholders of Borrower Company to promptly and unconditionally transfer all of their equity interests to Lender or Lender's designated representative(s) at any time, and Borrower hereby waives his right of first refusal (if any) with respect to the share transfer described in this Section;
- 3.2.12 in the event that Lender purchases Borrower Equity Interest from Borrower in accordance with the provisions of the Exclusive Option Agreement, use such purchase price obtained thereby to repay the Loan to Lender; and
- 3.2.13 without the prior written consent of Lender, not to cause Borrower Company to supplement, change, or amend its articles of association in any manner, increase or decreases its registered capital or change its share capital structure in any manner.

#### **4 Liability for Default**

- 4.1 If Borrower conducts any material breach of any term of this Agreement, Lender shall have right to terminate this Agreement and require the Borrower to compensate all damages; this Section 4.1 shall not prejudice any other rights of Lender herein.

- 4.2 If Lender conducts any breach of any term of this Agreement, Borrower shall not terminate this Agreement in any event unless otherwise required by applicable laws.
- 4.3 In the event that Borrower fails to perform the repayment obligations set forth in this Agreement, Borrower shall pay overdue interest of 0.04.5% per day for the outstanding payment, until the day Borrower repays the full principal of the Loan, overdue interests and other payable amounts.

## 5 Notices

5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery.

5.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

5.2 For the purpose of notices, the addresses of the Parties are as follows:

**Lender: Beijing 58 Daojia Information Technology Co., Ltd.**  
Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

**Borrower: Xiaohua Chen**  
Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

5.3 Any Party may at any time change its address for notices by a notice delivered to the other Party in accordance with the terms hereof.

## **6 Confidentiality**

The Parties acknowledge that any oral or written information exchanged among them with respect to this Agreement is confidential information. The Parties shall maintain the confidentiality of all such information, and without the written consent of other Party, either Party shall not disclose any relevant information to any third party, except in the following circumstances: (a) such information is or will be in the public domain (provided that this is not the result of a public disclosure by the receiving party); (b) information disclosed as required by applicable laws or rules or regulations of any stock exchange; or (c) information required to be disclosed by any Party to its legal counsel or financial advisor regarding the transaction contemplated hereunder, and such legal counsel or financial advisor are also bound by confidentiality duties similar to the duties in this section. Disclosure of any confidential information by the staff members or agency hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This section shall survive the termination of this Agreement for any reason.

## **7 Governing Law and Resolution of Disputes**

- 7.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes shall be governed by the laws of China.
- 7.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Party for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its then effective arbitration rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.
- 7.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

## **8 Miscellaneous**

- 8.1 This Agreement should become effective upon execution by the Parties, and shall expire upon the date of full performance by the Parties of their respective obligations under this Agreement.
- 8.2 This Agreement shall be written in both Chinese and English language in two copies, each Party having one copy with equal legal validity. In case there is any conflict between the Chinese version and the English version, the Chinese version shall apply.

- 8.3 This Agreement may be amended or supplemented through written agreement by and between Lender and Borrower. Such written amendment agreement and/or supplementary agreement executed by and between Lender and Borrower are an integral part of this Agreement, and shall have the same legal validity as this Agreement.
- 8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.
- 8.5 The attachments (if any) to this Agreement shall be an integral part of this Agreement and shall have the same legal validity as this Agreement.
- 8.6 Any obligations that occur or that are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof. The provisions of Sections 4, 6, 7 and this Section 8.6 shall survive the termination of this Agreement.

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Loan Agreement as of the date first above written.

**Lender: Beijing 58 Daojia Information Technology Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

**Borrower: Xiaohua Chen**

By: /s/ Xiaohua Chen

**Exclusive Business Cooperation Agreement**

This Exclusive Business Cooperation Agreement (this “Agreement”) is made and entered into by and between the following parties on August 6, 2015 in Beijing, the People’s Republic of China (“China” or the “PRC”).

**Party A: Beijing Yangguang Gudi Science Development Co., Ltd**  
Address: Room 1811, 18/F, Buidlikng No.2. #1 Shangdi 10<sup>th</sup> Avenue, Haididan District, Beijing

**Party B: Beijing Shan Jing Ke Chuang Network Techonology Co., Ltd**  
Address: No. 6 Anfu Road, Houshayu Town, Shunyi District, Beijing

Each of Party A and Party B shall be hereinafter referred to as a “Party” respectively, and as the “Parties” collectively.

Whereas,

1. Party A is a wholly foreign owned enterprise established in China, and has the necessary resources to provide technical and consulting services;
2. Party B is a company established in China with exclusively domestic capital and is permitted to engage in home services and other business by relevant PRC government authorities. The businesses conducted by Party B currently and any time during the term of this Agreement are collectively referred to as the “Principal Business”;

3. Party A is willing to provide Party B with technical support, consulting services and other services on exclusive basis in relation to the Principal Business during the term of this Agreement, utilizing its advantages in technology, human resources, and information, and Party B is willing to accept such services provided by Party A or Party A's designee(s), each on the terms set forth herein.

Now, therefore, through mutual discussion, the Parties have reached the following agreements:

1. **Services Provided by Party A**

- 1.1 Party B hereby appoints Party A as Party B's exclusive services provider to provide Party B with comprehensive technical support, consulting services and other services during the term of this Agreement, in accordance with the terms and conditions of this Agreement, including but not limited to the follows:

- (1) Licensing Party B to use any software legally owned by Party A;
- (2) Development, maintenance and update of software involved in Party B's business;
- (3) Design, installation, daily management, maintenance and updating of network system, hardware and database design;
- (4) Technical support and training for employees of Party B;

- (5) Providing business management consultation for Party B;
- (6) Providing marketing and promotion services for Party B;
- (7) Providing customer order management and customer services for Party B;
- (8) Leasing of equipment or properties; and
- (9) Other services requested by Party B from time to time to the extent permitted under PRC law.

1.2 Party B agrees to accept all the services provided by Party A. Party B further agrees that unless with Party A's prior written consent, during the term of this Agreement, Party B shall not directly or indirectly accept the same or any similar services provided by any third party and shall not establish similar corporation relationship with any third party regarding the matters contemplated by this Agreement. Party A may appoint other parties, who may enter into certain agreements described in Section 1.3 with Party B, to provide Party B with the services under this Agreement.

1.3 Service Providing Methodology

- 1.3.1 Party A and Party B agree that during the term of this Agreement, where necessary, Party B may enter into further service agreements with Party A or any other party designated by Party A, which shall provide the specific contents, manner, personnel, and fees for the specific services.
- 1.3.2 To fulfill this Agreement, Party A and Party B agree that during the term of this Agreement, where necessary, Party B may enter into equipment or property leases with Party A or any other party designated by Party A which shall permit Party B to use Party A's relevant equipment or property based on the needs of the business of Party B.
- 1.3.3 Party B hereby grants to Party A an irrevocable and exclusive option to purchase from Party B, at Party A's sole discretion, any or all of the assets and business of Party B, to the extent permitted under PRC law, at the lowest purchase price permitted by PRC law. The Parties shall then enter into a separate assets or business transfer agreement, specifying the terms and conditions of the transfer of the assets.

**2. The Calculation and Payment of the Service Fees**

- 2.1 The fees payable by Party B to Party A during the term of this Agreement shall be calculated as follows:

- 2.1.1 Party B shall pay service fee to Party A in each month. The service fee for each month shall consist of management fee and fee for services provided, which shall be determined by the Parties through negotiation after considering:
- (1) Complexity and difficulty of the services provided by Party A;
  - (2) Title of and time consumed by employees of Party A providing the services;
  - (3) Contents and value of the services provided by Party A;
  - (4) Market price of the same type of services;
  - (5) Operation conditions of the Party B.
- 2.1.2 If Party A transfers technology to Party B or develops software or other technology as entrusted by Party B or leases equipments or properties to Party B, the technology transfer price, development fees or rent shall be determined by the Parties based on the actual situations.

### **3. Intellectual Property Rights and Confidentiality Clauses**

- 3.1 Party A shall have exclusive and proprietary ownership, rights and interests in any and all intellectual properties arising out of or created during the performance of this Agreement, including but not limited to copyrights, patents, patent applications, software, technical secrets, trade secrets and others. Party B shall execute all appropriate documents, take all appropriate actions, submit all filings and/or applications, render all appropriate assistance and otherwise conduct whatever is necessary as deemed by Party A at its sole discretion for the purposes of vesting any ownership, right or interest of any such intellectual property rights in Party A, and/or perfecting the protections for any such intellectual property rights in Party A.
- 3.2 The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance of this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third party, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, directors, employees, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, directors, employees, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the shareholders, director, employees of or agencies engaged by any Party shall be deemed disclosure of such confidential information by such Party and such Party shall be held liable for breach of this Agreement.

**4. Representations and Warranties**

4.1 Party A hereby represents, warrants and covenants as follows:

- 4.1.1 Party A is a wholly foreign owned enterprise legally established and validly existing in accordance with the laws of China; Party A or the service providers designated by Party A will obtain all government permits and licenses for providing the service under this Agreement before providing such services.
- 4.1.2 Party A has taken all necessary corporate actions, obtained all necessary authorizations as well as all consents and approvals from third parties and government agencies (if required) for the execution, delivery and performance of this Agreement. Party A's execution, delivery and performance of this Agreement do not violate any explicit requirements under any law or regulation.
- 4.1.3 This Agreement constitutes Party A's legal, valid and binding obligations, enforceable against it in accordance with its terms.

4.2 Party B hereby represents, warrants and covenants as follows:

- 4.2.1 Party B is a company legally established and validly existing in accordance with the laws of China and has obtained and will maintain all permits and licenses for engaging in the Principal Business in a timely manner.
- 4.2.2 Party B has taken all necessary corporate actions, obtained all necessary authorizations as well as all consents and approvals from third parties and government agencies (if required) for the execution, delivery and performance of this Agreement. Party B's execution, delivery and performance of this Agreement do not violate any explicit requirements under any law or regulation.
- 4.2.3 This Agreement constitutes Party B's legal, valid and binding obligations, and shall be enforceable against it in accordance with its terms.
- 4.2.4 Without the consent from Party A in writing, Party B shall not change the current shareholding structure of Party B by any ways, and shall not conduct any contractual joint venture, leasing management, merger, division, any other arrangement to change the model of business operation, or ownership structure, and shall not dispose all or substantial parts of the assets or equity interest of Party B by transfer, sale or equity investment or any other ways.
- 4.2.5 Unless the written consent from Party A is obtained, Party B shall not enter into any other agreements or arrangements which are conflict with this agreement or may impair Party A's rights and interests under this agreement.

4.2.6 In order to ensure the fulfillment of the obligations and liabilities of both Party A and Party B under this agreement as well as the payment of all the amounts payable by Party B to Party A, Party B hereby agrees that Party B shall not conduct any transactions which may substantially impact its assets, obligations, rights or the operation of the company, unless the prior written consent is obtained from Party A.

**5. Term of Agreement**

- 5.1 This Agreement shall become effective upon execution by the Parties. Unless terminated in accordance with the provisions of this Agreement or terminated in writing by Party A, this Agreement shall remain effective.
- 5.2 During the term of this Agreement, each Party shall renew its operation term prior to the expiration thereof so as to enable this Agreement to remain effective. This Agreement shall be terminated upon the expiration of the operation term of a Party if the application for renewal of its operation term is not approved by relevant government authorities.
- 5.3 The rights and obligations of the Parties under Sections 3, 6, 7 and this Section 5.3 shall survive the termination of this Agreement.

**6. Governing Law and Resolution of Disputes**

- 6.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of China.
- 6.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Party for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its arbitration rules. The arbitration shall be conducted in Beijing. The arbitration award shall be final and binding on both Parties.
- 6.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

**7. Breach of Agreement and Indemnification**

- 7.1 If Party B conducts any material breach of any term of this Agreement, Party A shall have right to terminate this Agreement and/or require Party B to indemnify all damages; this Section 7.1 shall not prejudice any other rights of Party A herein.

- 7.2 Unless otherwise required by applicable laws, Party B shall not have any right to terminate this Agreement in any event.
- 7.3 Party B shall indemnify and hold harmless Party A from any losses, injuries, obligations or expenses caused by any lawsuit, claims or other demands against Party A arising from or caused by the services provided by Party A to Party B pursuant this Agreement, except where such losses, injuries, obligations or expenses arise from the gross negligence or willful misconduct of Party A.

**8. Force Majeure**

- 8.1 In the case of any force majeure events (“Force Majeure”) such as earthquake, typhoon, flood, fire, flu, war, strikes or any other events that cannot be predicted and are unpreventable and unavoidable by the affected Party, which directly or indirectly causes the failure of either Party to perform or completely perform this Agreement, then the Party affected by such Force Majeure shall give the other Party written notices without any delay, and shall provide details of such event within 15 days after sending out such notice, explaining the reasons for such failure of, partial or delay of performance.

- 8.2 If such Party claiming Force Majeure fails to notify the other Party and furnish it with proof pursuant to the above provision, such Party shall not be excused from the non-performance of its obligations hereunder. The Party so affected by the event of Force Majeure shall use reasonable efforts to minimize the consequences of such Force Majeure and to promptly resume performance hereunder whenever the causes of such excuse are cured. Should the Party so affected by the event of Force Majeure fail to resume performance hereunder when the causes of such excuse are cured, such Party shall be liable to the other Party.
- 8.3 In the event of Force Majeure, the Parties shall immediately consult with each other to find an equitable solution and shall use all reasonable endeavours to minimize the consequences of such Force Majeure.

**9. Notices**

- 9.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:
- 9.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of receipt or refusal at the address specified for notices.

9.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

9.2 For the purpose of notices, the addresses of the Parties are as follows:

**Party A: Beijing Yangguang Gudi Science Development Co., Ltd**  
Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District,  
Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

**Party B: Beijing Shan Jing Ke Chuang Network Techonology Co., Ltd**  
Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District,  
Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

9.3 Any Party may at any time change its address for notices by a notice delivered to the other Party in accordance with the terms hereof.

**10. Assignment**

- 10.1 Without Party A's prior written consent, Party B shall not assign its rights and obligations under this Agreement to any third party.
- 10.2 Party B agrees that Party A may assign its obligations and rights under this Agreement to any third party and in case of such assignment, Party A is only required to give written notice to Party B and does not need any consent from Party B for such assignment.

**11. Severability**

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any aspect. The Parties shall negotiate in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

**12. Amendments and Supplements**

Any amendments and supplements to this Agreement shall be in writing. The amendment agreements and supplementary agreements that have been signed by the Parties and relate to this Agreement shall be an integral part of this Agreement and shall have the same legal validity as this Agreement.

**13. Language and Counterparts**

This Agreement is written in Chinese language in two copies, each Party having one copy. The Chinese version and English version shall have equal legal validity.

*The Remainder of this page is intentionally left blank*

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Business Cooperation Agreement as of the date first above written.

**Party A:** **Beijing Yangguang Gudi Science Development Co., Ltd**

By: /s/ Beijing Yangguang Gudi Science Development Co., Ltd  
Legal Representative

**Party B:** **Beijing Shan Jing Ke Chuang Network Techonology Co., Ltd.**

By: /s/ Beijing Shan Jing Ke Chuang Network Techonology Co., Ltd.  
Legal Representative

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**Equity Interest Pledge Agreement**

This Equity Interest Pledge Agreement (this "Agreement") has been executed by and among the following parties on August 6, 2015 in Beijing, the People's Republic of China ("China" or the "PRC"):

- Party A:** **Beijing Yangguang Gudi Science Development Co., Ltd.**, (hereinafter "Pledgee") a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Room 1811, 18/F, Building No.2, #1 Shangdi 10th Avenue, Haidian District, Beijing, PRC;
- Party B:** **58 Co., Ltd.**, (hereinafter "Pledgor") a limited liability company organized and existing under the laws of the PRC, with its address at Room 210-03, Office Building, Nangang Industry Zone, Economic and Technological Development District, Tianjin, PRC; and
- Party C:** **Beijing Shan Jing Ke Chuang Network Technology Co., Ltd.**, a limited liability company organized and existing under the laws of the PRC, with its address at No.6, Anfu Road, Houshayu Town, Shunyi District, Beijing, PRC.

In this Agreement, each of Pledgee, Pledgor and Party C shall be referred to as a "Party" respectively, and they shall be collectively referred to as the "Parties".

Whereas:

1. Pledgor is a citizen of China who as of the date hereof holds 49.00% of equity interests of Party C, representing RMB18,967,742 in the registered capital of Party C. Party C is a limited liability company registered in Beijing, China, engaging in Internet information services and advertising services. Party C acknowledges the respective rights and obligations of Pledgor and Pledgee under this Agreement, and intends to provide any necessary assistance in registering the Pledge;

2. Pledgee is a wholly foreign-owned enterprise registered in China. Pledgee and Party C partially owned by Pledgor have executed an Exclusive Technology Consultant and Service Agreement (as defined below) in Beijing; Party C, Pledgee and Pledgor have executed an Exclusive Option Agreement (as defined below); Pledgee and Pledgor have executed a Loan Agreement (as defined below); and Pledgor has executed a Power of Attorney to Pledgee.
3. To ensure that Party C and Pledgor fully perform their obligations under the Exclusive Technology Consultant and Service Agreement, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney, Pledgor hereby pledges to the Pledgee all of the equity interest he holds in Party C as security for Party C's and Pledgor's obligations under the Exclusive Business Cooperation Agreements, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney.

To perform the provisions of the Transaction Documents, the Parties have mutually agreed to execute this Agreement upon the following terms.

#### **1. Definitions**

Unless otherwise provided herein, the terms below shall have the following meanings:

- 1.1 Pledge: shall refer to the security interest granted by Pledgor to Pledgee pursuant to Section 2 of this Agreement, i.e., the right of Pledgee to be compensated on a preferential basis with the conversion, auction or sales price of the Equity Interest.
- 1.2 Equity Interest: shall refer to all of the equity interest now held and hereafter acquired by Pledgor in Party C.

- 1.3 Term of Pledge: shall refer to the term set forth in Section 3.2 of this Agreement.
- 1.4 Transaction Documents: shall refer to the Exclusive Technology Consultant and Service Agreement executed by and between Party C and Pledgee on January 18, 2012 (the "Exclusive Technology Consultant Agreement"), the Exclusive Option Agreement executed by and among Party C, Pledgee and Pledgor on August 6, 2015 (the "Exclusive Option Agreement"), the Loan Agreement executed by and between Pledgee and Pledgor on August 6, 2015 (the "Loan Agreement"), Power of Attorney executed on August 6, 2015 by Pledgor (the "Power of Attorney") and any modification, amendment and restatement to the aforementioned documents.
- 1.5 Contract Obligation: shall refer to all the obligations of Pledgor under the Exclusive Option Agreement, the Power of Attorney, the Loan Agreement and this Agreement; all the obligations of Party C under the Exclusive Technology Consultant Agreement, the Exclusive Option Agreement and this Agreement.
- 1.6 Secured Indebtedness: shall refer to all the direct, indirect or derivative losses of Pledgee, including loss of expected profits, incurred as a result of any Event of Default (as defined below). The amount of such loss shall be based on, including but not limited to the reasonable business plan and profit forecast of Pledgee, the consulting and service fees payable to Pledgee under the Exclusive Technology Consultant Agreement and all expenses occurred in connection with enforcement by Pledgee of Pledgor's and/or Party C's Contract Obligation.
- 1.7 Event of Default: shall refer to any of the circumstances set forth in Section 7 of this Agreement.

1.8 Notice of Default: shall refer to the notice issued by Pledgee in accordance with this Agreement declaring an Event of Default.

## **2. The Pledge**

- 2.1 Pledgor agrees to pledge all the Equity Interest as security for performance of the Contract Obligation and payment of the Secured Indebtedness under this Agreement. Party C hereby assents that Pledgor pledges the Equity Interest to the Pledgee pursuant to this Agreement.
- 2.2 During the term of the Pledge, Pledgee is entitled to receive dividends distributed on the Equity Interest. Pledgor may receive dividends distributed on the Equity Interest only with prior written consent from Pledgee. Dividends received by Pledgor on Equity Interest shall be, subject to requirement of Pledgee, (1) deposited into an account designated and supervised by Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to make any other payment; or (2) unconditionally give to Pledgee or any other person designated by Pledgee to the extent permitted under applicable PRC laws.
- 2.3 Pledgor may subscribe for capital increase in Party C only with prior written consent of Pledgee. Any equity interest obtained by the Pledgor in future capital increase shall be deemed as Equity Interest as well.
- 2.4 In the event that Party C is required by PRC law to be liquidated or dissolved, any interest distributed to Pledgor upon Party C's dissolution or liquidation shall be (1) deposited into an account designate and supervised by Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to make any other payment; or (2) unconditionally give to Pledgee or any other person designated by Pledgee to the extent permitted under applicable PRC laws.

### 3. Term of Pledge

- 3.1 The Pledge shall become effective on such date when the pledge of the Equity Interest contemplated herein has been registered with relevant administration for industry and commerce (the "AIC"). The Pledge shall be continuously valid until all Contract Obligations and Secured Indebtedness have been fully performed and paid. Pledgor and Party C shall (1) register the Pledge in the shareholders' register of Party C within 3 business days following the execution of this Agreement, and (2) submit an application to the AIC for the registration of the Pledge of the Equity Interest contemplated herein within 30 business days following the execution of this Agreement. The parties covenant that for the purpose of registration of the Pledge, the parties hereto and all other shareholders of Party C shall submit to the AIC this Agreement or an equity interest pledge contract in the form required by the AIC at the location of Party C which shall truly reflect the information of the Pledge hereunder (the "AIC Pledge Contract"). For matters not specified in the AIC Pledge Contract, the parties shall be bound by the provisions of this Agreement. Pledgor and Party C shall submit all necessary documents and complete all necessary procedures, as required by the PRC laws and regulations and the relevant AIC, to ensure that the Pledge of the Equity Interest shall be registered with the AIC as soon as possible after filing.
- 3.2 During the Term of Pledge, in the event Pledgor and/or Party C fails to perform the Contract Obligation or pay Secured Indebtedness, Pledgee shall have the right, but not the obligation, to exercise the Pledge in accordance with the provisions of this Agreement.

**4. Custody of Records for Equity Interest subject to Pledge**

- 4.1 During the Term of Pledge set forth in this Agreement, Pledgor shall deliver to Pledgee's custody the capital contribution certificate for the Equity Interest and the shareholders' register containing the Pledge within one week from the execution of this Agreement. Pledgee shall have custody of such documents during the entire Term of Pledge set forth in this Agreement.

**5. Representations and Warranties of Pledgor and Party C**

As of the execution date of this Agreement, Pledgor and Party C hereby jointly and severally represent and warrant to Pledgee that:

- 5.1 Pledgor is the sole legal and beneficial owner of the Equity Interest.
- 5.2 Pledgee shall have the right to dispose of and transfer the Equity Interest in accordance with the provisions set forth in this Agreement.
- 5.3 Except for the Pledge, Pledgor has not placed any security interest or other encumbrance on the Equity Interest.
- 5.4 Pledgor and Party C have obtained any and all approvals and consents from applicable government authorities and third parties (if required) for execution, delivery and performance of this Agreement.
- 5.5 The execution, delivery and performance of this Agreement will not: (i) violate any relevant PRC laws; (ii) conflict with Party C's articles of association or other constitutional documents; (iii) result in any breach of or constitute any default under any contract or instrument to which it is a party or by which it is otherwise bound; (iv) result in any violation of any condition for the grant and/or maintenance of any permit or approval granted to any Party; or (v) cause any permit or approval granted to any Party to be suspended, cancelled or attached with additional conditions.

## 6. Covenants of Pledgor and Party C

6.1 Pledgor and Party C hereby jointly and severally covenant to the Pledgee:

- 6.1.1 Pledgor shall not transfer the Equity Interest, place or permit the existence of any security interest or other encumbrance on the Equity Interest or any portion thereof, without the prior written consent of Pledgee, except for the performance of the Transaction Documents;
- 6.1.2 Pledgor and Party C shall comply with the provisions of all laws and regulations applicable to the pledge of rights, and within 5 days of receipt of any notice, order or recommendation issued or prepared by relevant competent authorities regarding the Pledge, shall present the aforementioned notice, order or recommendation to Pledgee, and shall comply with the aforementioned notice, order or recommendation or submit objections and representations with respect to the aforementioned matters upon Pledgee's reasonable request or upon consent of Pledgee;
- 6.1.3 Pledgor and Party C shall promptly notify Pledgee of any event or notice received by Pledgor that may have an impact on Pledgee's rights to the Equity Interest or any portion thereof, as well as any event or notice received by Pledgor that may have an impact on any guarantees and other obligations of Pledgor arising out of this Agreement.

6.1.4 Party C shall complete the registration procedures for extension of the term of operation within three (3) months prior to the expiration of such term to maintain the validity of this Agreement.

6.2 Pledgor agrees that the rights acquired by Pledgee in accordance with this Agreement with respect to the Pledge shall not be interrupted or harmed by Pledgor or any heirs or representatives of Pledgor or any other persons through any legal proceedings.

6.3 To protect or perfect the security interest granted by this Agreement for the Contract Obligation and Secured Indebtedness, Pledgor hereby undertakes to execute in good faith and to cause other parties who have an interest in the Pledge to execute all certificates, agreements, deeds and/or covenants required by Pledgee. Pledgor also undertakes to perform and to cause other parties who have an interest in the Pledge to perform actions required by Pledgee, to facilitate the exercise by Pledgee of its rights and authority granted thereto by this Agreement, and to enter into all relevant documents regarding ownership of Equity Interest with Pledgee or designee(s) of Pledgee (natural persons/legal persons). Pledgor undertakes to provide Pledgee within a reasonable time with all notices, orders and decisions regarding the Pledge that are required by Pledgee.

6.4 Pledgor hereby undertakes to comply with and perform all guarantees, promises, agreements, representations and conditions under this Agreement. In the event of failure or partial performance of its guarantees, promises, agreements, representations and conditions, Pledgor shall indemnify Pledgee for all losses resulting therefrom.

## **7. Event of Breach**

7.1 The following circumstances shall be deemed Event of Default:

7.1.1 Pledgor's any breach to any obligations under the Transaction Documents and/or this Agreement.

7.1.2 Party C's any breach to any obligations under the Transaction Documents and/or this Agreement.

7.2 Upon notice or discovery of the occurrence of any circumstances or event that may lead to the aforementioned circumstances described in Section 7.1, Pledgor and Party C shall immediately notify Pledgee in writing accordingly.

7.3 Unless an Event of Default set forth in this Section 7.1 has been successfully resolved to Pledgee's satisfaction within twenty (20) days after the Pledgee and /or Party C delivers a notice to the Pledgor requesting ratification of such Event of Default, Pledgee may issue a Notice of Default to Pledgor in writing at any time thereafter, demanding the Pledgor to immediately exercise the Pledge in accordance with the provisions of Section 8 of this Agreement.

## **8. Exercise of Pledge**

8.1 Pledgee may issue a Notice of Default to Pledgor when exercising the Pledge.

8.2 Subject to the provisions of Section 7.3, Pledgee may exercise the right to enforce the Pledge at any time after the issuance of the Notice of Default in accordance with Section 8.1. Once Pledgee elects to enforce the Pledge, Pledgor shall cease to be entitled to any rights or interests associated with the Equity Interest.

- 8.3 After Pledgee issues a Notice of Default Pledgee in accordance with Section 8.1, Pledgee may exercise any remedy measure under applicable PRC laws, the Transaction Documents and this Agreement, including but not limited to be compensated in priority by the conversion of the Equity Pledge or from the proceeds from auction or sale of the Equity Interest. The Pledgee shall have no liability for any loss incurred by its duly exercise of such rights and powers.
- 8.4 The proceeds from exercise of the Pledge by Pledgee shall be used to pay for tax and expenses incurred by disposing the Equity Interest and perform Contract Obligations and pay the Secured Indebtedness prior and in preference to any other payment. After the payment of the aforementioned amounts, the remaining balance shall be returned to Pledgor or any other person who have rights to such balance under applicable laws or be deposited to the local notary public office where Pledgor resides, with all expense incurred being borne by Pledgor. To the extent permitted under applicable PRC laws, Pledgor shall unconditionally give the aforementioned proceeds to Pledgee or any other person designated by Pledgee.
- 8.5 Pledgee has the right to exercise any remedy measure available simultaneously or in any order. Pledgee may exercise the right to be compensated from in priority by the conversion of the Equity Pledge or from the proceeds from auction or sale of the Equity Interest under this Agreement, without exercising any other remedy measure first.
- 8.6 Pledgee is entitled to designate an attorney or other representatives to exercise the Pledge on its behalf and Pledgor and Party C shall not raise any objection to such exercise.
- 8.7 When Pledgee disposes of the Pledge in accordance with this Agreement, Pledgor and Party C shall provide necessary assistance to enable Pledgee to enforce the Pledge in accordance with this Agreement.

## **9. Breach of Agreement**

- 9.1 If Pledgor or Party C conducts any material breach of any term of this Agreement, Pledgee shall have right to terminate this Agreement and require Pledgor or Party C to compensate all damages; this Section 9 shall not prejudice any other rights of Pledgee herein;
- 9.2 If Pledgee conducts any breach of any term of this Agreement, Pledgor or Party C shall not terminate this Agreement in any event unless otherwise required by applicable laws.

## **10. Assignment**

- 10.1 Without Pledgee's prior written consent, Pledgor shall not have the right to assign or delegate its rights and obligations under this Agreement.
- 10.2 This Agreement shall be binding on Pledgor and its successors and permitted assigns, and shall be valid with respect to Pledgee and each of its successors and assigns.
- 10.3 At any time, Pledgee may assign any and all of its rights and obligations under the Transaction Documents to its designee(s), in which case the assigns shall have the rights and obligations of Pledgee under this Agreement, as if it were the original party to this Agreement. When the Pledgee assigns the rights and obligations under the Business Cooperation Agreement, upon Pledgee's request, Pledgor and/or Party C shall execute relevant agreements or other documents relating to such assignment.
- 10.4 In the event of a change in Pledgee due to an assignment, Pledgor and/or Party C shall, at the request of Pledgee, execute a new pledge agreement with the new pledgee on the same terms and conditions as this Agreement, and register the same with the relevant AIC.

10.5 Pledgor and Party C shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by the Parties hereto or any of them, including the Transaction Documents, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. Any remaining rights of Pledgor with respect to the Equity Interest pledged hereunder shall not be exercised by Pledgor except in accordance with the written instructions of Pledgee.

#### **11. Termination**

11.1 Upon the fulfillment of all Contract Obligation and the full payment of all Secured Indebtedness by Pledgor and Party C, Pledgee shall release the Pledge under this Agreement upon Pledgor's request as soon as reasonably practicable and shall assist Pledgor to de-register the Pledge from the shareholders' register of Party C and with relevant PRC local administration for industry and commerce.

11.2 The provisions under Sections 9, 13, 14 and 11.2 herein of this Agreement shall survive the expiration or termination of this Agreement.

#### **12. Handling Fees and Other Expenses**

All fees and out of pocket expenses relating to this Agreement, including but not limited to legal costs, costs of production, stamp tax and any other taxes and fees, shall be borne by Party C.

### **13. Confidentiality**

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, investors, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, investors, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the staff members or agencies hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

### **14. Governing Law and Resolution of Disputes**

- 14.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of China.
- 14.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its Arbitration Rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.

- 14.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

**15. Notices**

- 15.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such party set forth below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:
- 15.2 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery or refusal at the address specified for notices.
- 15.3 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

15.4 For the purpose of notices, the addresses of the Parties are as follows:

**Party A: Beijing Yangguang Gudi Science Development Co., Ltd.**

Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

**Party B: 58 Co., Ltd.**

Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

**Party C: Beijing Shan Jing Ke Chuang Network Technology Co., Ltd.**

Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

15.5 Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

## 16. Severability

In the event that one or several of the provisions of this Contract are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Contract shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

**17. Attachments**

The attachments set forth herein shall be an integral part of this Agreement.

**18. Effectiveness**

18.1 This Agreement shall become effective upon execution by the Parties.

18.2 Any amendments, changes and supplements to this Agreement shall be in writing and shall become effective upon completion of the governmental filing procedures (if applicable) after the affixation of the signatures or seals of the Parties.

**19. Language and Counterparts**

This Agreement is written in Chinese and English in four copies. Pledgor, Pledgee and Party C shall hold one copy respectively and the other copy shall be used for registration. Each copy of this Agreement shall have equal validity. In case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

*The Remainder of this page is intentionally left blank*

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Equity Interest Pledge Agreement as of the date first above written.

**Party A: Beijing Yangguang Gudi Science Development Co., Ltd.**

By: /s/ Haoyong Yang  
Name: Haoyong Yang  
Title: Legal Representative

**Party B: 58 Co. Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

**Party C: Beijing Shan Jing Ke Chuang Network Technology Co., Ltd.**

By: /s/ Yang Liu  
Name: Yang Liu  
Title: Legal Representative

**Attachments:**

1. Shareholders' Register of Party C;
2. The Capital Contribution Certificate for Party C;
3. Exclusive Technology Consultant and Service Agreement;
4. Loan Agreement;
5. Exclusive Option Agreement;
6. Power of Attorney.

## Equity Interest Pledge Agreement

This Equity Interest Pledge Agreement (this "Agreement") has been executed by and among the following parties on August 6, 2015 in Beijing, the People's Republic of China ("China" or the "PRC"):

**Party A:** **Beijing Yangguang Gudi Science Development Co., Ltd.** (hereinafter "Pledgee"), a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Room 1811, 18/F, Building No.2, #1 Shangdi 10th Avenue, Haidian District, Beijing, PRC;

**Party B:** **Yang Liu** (hereinafter "Pledgor"), a citizen of China with Chinese Identification No.: \_\_\_\_\_ ; and

**Party C:** **Beijing Shan Jing Ke Chuang Network Technology Co., Ltd.**, a limited liability company organized and existing under the laws of the PRC, with its address at No.6, Anfu Road, Houshayu Town, Shunyi District, Beijing, PRC.

In this Agreement, each of Pledgee, Pledgor and Party C shall be referred to as a "Party" respectively, and they shall be collectively referred to as the "Parties".

Whereas:

1. Pledgor is a citizen of China who as of the date hereof holds 30.69% of equity interests of Party C, representing RMB11,880,000 in the registered capital of Party C. Party C is a limited liability company registered in Beijing, China, engaging in Internet information services and advertising services. Party C acknowledges the respective rights and obligations of Pledgor and Pledgee under this Agreement, and intends to provide any necessary assistance in registering the Pledge;

2. Pledgee is a wholly foreign-owned enterprise registered in China. Pledgee and Party C partially owned by Pledgor have executed an Exclusive Technology Consultant Agreement (as defined below) in Beijing; Party C, Pledgee and Pledgor have executed an Exclusive Option Agreement (as defined below); Pledgee and Pledgor have executed a Loan Agreement (as defined below); and Pledgor has executed a Power of Attorney to Pledgee.
3. To ensure that Party C and Pledgor fully perform their obligations under the Exclusive Technology Consultant Agreement, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney, Pledgor hereby pledges to the Pledgee all of the equity interest he holds in Party C as security for Party C's and Pledgor's obligations under the Exclusive Business Cooperation Agreements, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney.

To perform the provisions of the Transaction Documents, the Parties have mutually agreed to execute this Agreement upon the following terms.

#### **1. Definitions**

Unless otherwise provided herein, the terms below shall have the following meanings:

- 1.1 Pledge: shall refer to the security interest granted by Pledgor to Pledgee pursuant to Article 2 of this Agreement, i.e., the right of Pledgee to be compensated on a preferential basis with the conversion, auction or sales price of the Equity Interest.
- 1.2 Equity Interest: shall refer to all of the equity interest now held and hereafter acquired by Pledgor in Party C.
- 1.3 Term of Pledge: shall refer to the term set forth in Section 3.2 of this Agreement.

- 1.4 Transaction Documents: shall refer to the Exclusive Technology Consultant and Service Agreement executed by and between Party C and Pledgee on January 18, 2012 (the "Exclusive Technology Consultant Agreement"), the Exclusive Option Agreement executed by and among Party C, Pledgee and Pledgor on August 6, 2015 (the "Exclusive Option Agreement"), the Loan Agreement executed by and between Pledgee and Pledgor on August 6, 2015 (the "Loan Agreement"), Power of Attorney executed on August 6, 2015 by Pledgor (the "Power of Attorney") and any modification, amendment and restatement to the aforementioned documents.
- 1.5 Contract Obligation: shall refer to all the obligations of Pledgor under the Exclusive Option Agreement, the Power of Attorney, the Loan Agreement and this Agreement; all the obligations of Party C under the Exclusive Cooperation Agreement, the Exclusive Option Agreement and this Agreement.
- 1.6 Secured Indebtedness: shall refer to all the direct, indirect or derivative losses of Pledgee, including loss of expected profits, incurred as a result of any Event of Default (as defined below). The amount of such loss shall be based on, including but not limited to the reasonable business plan and profit forecast of Pledgee, the consulting and service fees payable to Pledgee under the Exclusive Business Cooperation Agreement and all expenses occurred in connection with enforcement by Pledgee of Pledgor's and/or Party C's Contract Obligation.
- 1.7 Event of Default: shall refer to any of the circumstances set forth in Article 7 of this Agreement.
- 1.8 Notice of Default: shall refer to the notice issued by Pledgee in accordance with this Agreement declaring an Event of Default.

## 2. The Pledge

- 2.1 Pledgor agrees to pledge all the Equity Interest as security for performance of the Contract Obligation and payment of the Secured Indebtedness under this Agreement. Party C hereby assents that Pledgor pledges the Equity Interest to the Pledgee pursuant to this Agreement.
- 2.2 During the term of the Pledge, Pledgee is entitled to receive dividends distributed on the Equity Interest. Pledgor may receive dividends distributed on the Equity Interest only with prior written consent from Pledgee. Dividends received by Pledgor on Equity Interest shall be, subject to requirement of Pledgee, (1) deposited into an account designated and supervised by Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to make any other payment; or (2) unconditionally give to Pledgee or any other person designated by Pledgee to the extent permitted under applicable PRC laws.
- 2.3 Pledgor may subscribe for capital increase in Party C only with prior written consent of Pledgee. Any equity interest obtained by the Pledgor in future capital increase shall be deemed as Equity Interest as well.
- 2.4 In the event that Party C is required by PRC law to be liquidated or dissolved, any interest distributed to Pledgor upon Party C's dissolution or liquidation shall be (1) deposited into an account designate and supervised by Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to make any other payment; or (2) unconditionally give to Pledgee or any other person designated by Pledgee to the extent permitted under applicable PRC laws.

### 3. Term of Pledge

- 3.1 The Pledge shall become effective on such date when the pledge of the Equity Interest contemplated herein has been registered with relevant administration for industry and commerce (the "AIC"). The Pledge shall be continuously valid until all Contract Obligations and Secured Indebtedness have been fully performed and paid. Pledgor and Party C shall (1) register the Pledge in the shareholders' register of Party C within 3 business days following the execution of this Agreement, and (2) submit an application to the AIC for the registration of the Pledge of the Equity Interest contemplated herein within 30 business days following the execution of this Agreement. The parties covenant that for the purpose of registration of the Pledge, the parties hereto and all other shareholders of Party C shall submit to the AIC this Agreement or an equity interest pledge contract in the form required by the AIC at the location of Party C which shall truly reflect the information of the Pledge hereunder (the "AIC Pledge Contract"). For matters not specified in the AIC Pledge Contract, the parties shall be bound by the provisions of this Agreement. Pledgor and Party C shall submit all necessary documents and complete all necessary procedures, as required by the PRC laws and regulations and the relevant AIC, to ensure that the Pledge of the Equity Interest shall be registered with the AIC as soon as possible after filing.
- 3.2 During the Term of Pledge, in the event Pledgor and/or Party C fails to perform the Contract Obligation or pay Secured Indebtedness, Pledgee shall have the right, but not the obligation, to exercise the Pledge in accordance with the provisions of this Agreement.

#### **4. Custody of Records for Equity Interest subject to Pledge**

- 4.1 During the Term of Pledge set forth in this Agreement, Pledgor shall deliver to Pledgee's custody the capital contribution certificate for the Equity Interest and the shareholders' register containing the Pledge within one week from the execution of this Agreement. Pledgee shall have custody of such documents during the entire Term of Pledge set forth in this Agreement.

#### **5. Representations and Warranties of Pledgor and Party C**

As of the execution date of this Agreement, Pledgor and Party C hereby jointly and severally represent and warrant to Pledgee that:

- 5.1 Pledgor is the sole legal and beneficial owner of the Equity Interest.
- 5.2 Pledgee shall have the right to dispose of and transfer the Equity Interest in accordance with the provisions set forth in this Agreement.
- 5.3 Except for the Pledge, Pledgor has not placed any security interest or other encumbrance on the Equity Interest.
- 5.4 Pledgor and Party C have obtained any and all approvals and consents from applicable government authorities and third parties (if required) for execution, delivery and performance of this Agreement.
- 5.5 The execution, delivery and performance of this Agreement will not: (i) violate any relevant PRC laws; (ii) conflict with Party C's articles of association or other constitutional documents; (iii) result in any breach of or constitute any default under any contract or instrument to which it is a party or by which it is otherwise bound; (iv) result in any violation of any condition for the grant and/or maintenance of any permit or approval granted to any Party; or (v) cause any permit or approval granted to any Party to be suspended, cancelled or attached with additional conditions.

## 6. Covenants of Pledgor and Party C

6.1 Pledgor and Party C hereby jointly and severally covenant to the Pledgee:

- 6.1.1 Pledgor shall not transfer the Equity Interest, place or permit the existence of any security interest or other encumbrance on the Equity Interest or any portion thereof, without the prior written consent of Pledgee, except for the performance of the Transaction Documents;
- 6.1.2 Pledgor and Party C shall comply with the provisions of all laws and regulations applicable to the pledge of rights, and within 5 days of receipt of any notice, order or recommendation issued or prepared by relevant competent authorities regarding the Pledge, shall present the aforementioned notice, order or recommendation to Pledgee, and shall comply with the aforementioned notice, order or recommendation or submit objections and representations with respect to the aforementioned matters upon Pledgee's reasonable request or upon consent of Pledgee;
- 6.1.3 Pledgor and Party C shall promptly notify Pledgee of any event or notice received by Pledgor that may have an impact on Pledgee's rights to the Equity Interest or any portion thereof, as well as any event or notice received by Pledgor that may have an impact on any guarantees and other obligations of Pledgor arising out of this Agreement.
- 6.1.4 Party C shall complete the registration procedures for extension of the term of operation within three (3) months prior to the expiration of such term to maintain the validity of this Agreement.

- 6.2 Pledgor agrees that the rights acquired by Pledgee in accordance with this Agreement with respect to the Pledge shall not be interrupted or harmed by Pledgor or any heirs or representatives of Pledgor or any other persons through any legal proceedings.
- 6.3 To protect or perfect the security interest granted by this Agreement for the Contract Obligation and Secured Indebtedness, Pledgor hereby undertakes to execute in good faith and to cause other parties who have an interest in the Pledge to execute all certificates, agreements, deeds and/or covenants required by Pledgee. Pledgor also undertakes to perform and to cause other parties who have an interest in the Pledge to perform actions required by Pledgee, to facilitate the exercise by Pledgee of its rights and authority granted thereto by this Agreement, and to enter into all relevant documents regarding ownership of Equity Interest with Pledgee or designee(s) of Pledgee (natural persons/legal persons). Pledgor undertakes to provide Pledgee within a reasonable time with all notices, orders and decisions regarding the Pledge that are required by Pledgee.
- 6.4 Pledgor hereby undertakes to comply with and perform all guarantees, promises, agreements, representations and conditions under this Agreement. In the event of failure or partial performance of its guarantees, promises, agreements, representations and conditions, Pledgor shall indemnify Pledgee for all losses resulting therefrom.

## **7. Event of Breach**

- 7.1 The following circumstances shall be deemed Event of Default:
- 7.1.1 Pledgor's any breach to any obligations under the Transaction Documents and/or this Agreement.
- 7.1.2 Party C's any breach to any obligations under the Transaction Documents and/or this Agreement.

- 7.2 Upon notice or discovery of the occurrence of any circumstances or event that may lead to the aforementioned circumstances described in Section 7.1, Pledgor and Party C shall immediately notify Pledgee in writing accordingly.
- 7.3 Unless an Event of Default set forth in this Section 7.1 has been successfully resolved to Pledgee's satisfaction within twenty (20) days after the Pledgee and /or Party C delivers a notice to the Pledgor requesting ratification of such Event of Default, Pledgee may issue a Notice of Default to Pledgor in writing at any time thereafter, demanding the Pledgor to immediately exercise the Pledge in accordance with the provisions of Article 8 of this Agreement.

**8. Exercise of Pledge**

- 8.1 Pledgee may issue a Notice of Default to Pledgor when exercising the Pledge.
- 8.2 Subject to the provisions of Section 7.3, Pledgee may exercise the right to enforce the Pledge at any time after the issuance of the Notice of Default in accordance with Section 8.1. Once Pledgee elects to enforce the Pledge, Pledgor shall cease to be entitled to any rights or interests associated with the Equity Interest.
- 8.3 After Pledgee issues a Notice of Default Pledgee in accordance with Section 8.1, Pledgee may exercise any remedy measure under applicable PRC laws, the Transaction Documents and this Agreement, including but not limited to be compensated in priority by the conversion of the Equity Pledge or from the proceeds from auction or sale of the Equity Interest. The Pledgee shall have no liability for any loss incurred by its duly exercise of such rights and powers.

- 8.4 The proceeds from exercise of the Pledge by Pledgee shall be used to pay for tax and expenses incurred by disposing the Equity Interest and perform Contract Obligations and pay the Secured Indebtedness prior and in preference to any other payment. After the payment of the aforementioned amounts, the remaining balance shall be returned to Pledgor or any other person who have rights to such balance under applicable laws or be deposited to the local notary public office where Pledgor resides, with all expense incurred being borne by Pledgor. To the extent permitted under applicable PRC laws, Pledgor shall unconditionally give the aforementioned proceeds to Pledgee or any other person designated by Pledgee.
- 8.5 Pledgee has the right to exercise any remedy measure available simultaneously or in any order. Pledgee may exercise the right to be compensated from in priority by the conversion of the Equity Pledge or from the proceeds from auction or sale of the Equity Interest under this Agreement, without exercising any other remedy measure first.
- 8.6 Pledgee is entitled to designate an attorney or other representatives to exercise the Pledge on its behalf and Pledgor and Party C shall not raise any objection to such exercise.
- 8.7 When Pledgee disposes of the Pledge in accordance with this Agreement, Pledgor and Party C shall provide necessary assistance to enable Pledgee to enforce the Pledge in accordance with this Agreement.

## **9. Breach of Agreement**

- 9.1 If Pledgor or Party C conducts any material breach of any term of this Agreement, Pledgee shall have right to terminate this Agreement and require Pledgor or Party C to compensate all damages; this Section 9 shall not prejudice any other rights of Pledgee herein;

- 9.2 If Pledgee conducts any breach of any term of this Agreement, Pledgor or Party C shall not terminate this Agreement in any event unless otherwise required by applicable laws.

#### **10. Assignment**

- 10.1 Without Pledgee's prior written consent, Pledgor shall not have the right to assign or delegate its rights and obligations under this Agreement.
- 10.2 This Agreement shall be binding on Pledgor and its successors and permitted assigns, and shall be valid with respect to Pledgee and each of its successors and assigns.
- 10.3 At any time, Pledgee may assign any and all of its rights and obligations under the Transaction Documents to its designee(s), in which case the assigns shall have the rights and obligations of Pledgee under this Agreement, as if it were the original party to this Agreement. When the Pledgee assigns the rights and obligations under the Business Cooperation Agreement, upon Pledgee's request, Pledgor and/or Party C shall execute relevant agreements or other documents relating to such assignment.
- 10.4 In the event of a change in Pledgee due to an assignment, Pledgor and/or Party C shall, at the request of Pledgee, execute a new pledge agreement with the new pledgee on the same terms and conditions as this Agreement, and register the same with the relevant AIC.

10.5 Pledgor and Party C shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by the Parties hereto or any of them, including the Transaction Documents, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. Any remaining rights of Pledgor with respect to the Equity Interest pledged hereunder shall not be exercised by Pledgor except in accordance with the written instructions of Pledgee.

#### **11. Termination**

11.1 Upon the fulfillment of all Contract Obligation and the full payment of all Secured Indebtedness by Pledgor and Party C, Pledgee shall release the Pledge under this Agreement upon Pledgor's request as soon as reasonably practicable and shall assist Pledgor to de-register the Pledge from the shareholders' register of Party C and with relevant PRC local administration for industry and commerce.

11.2 The provisions under Sections 9, 13, 14 and 11.2 herein of this Agreement shall survive the expiration or termination of this Agreement.

#### **12. Handling Fees and Other Expenses**

All fees and out of pocket expenses relating to this Agreement, including but not limited to legal costs, costs of production, stamp tax and any other taxes and fees, shall be borne by Party C.

### **13. Confidentiality**

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, investors, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, investors, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the staff members or agencies hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

### **14. Governing Law and Resolution of Disputes**

- 14.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of China.
- 14.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its Arbitration Rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.

- 14.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

## 15. Notices

- 15.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such party set forth below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:
- 15.2 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery or refusal at the address specified for notices.
- 15.3 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).
- 15.4 For the purpose of notices, the addresses of the Parties are as follows:

**Party A: Beijing Yangguang Gudi Science Development Co., Ltd.**

Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

**Party B:**       **Yang Liu**  
Address:  
Phone:  
Facsimile:

**Party C:**       **Beijing Shan Jing Ke Chuang Network Technology Co., Ltd.**  
Address:       No.6, Anfu Road, Houshayu Town, Shunyi District, Beijing, PRC  
Attn:           Jinbo Yao  
Phone:         +8610 64435588-8888  
Facsimile:     +8610-64459926

15.5 Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

## **16. Severability**

In the event that one or several of the provisions of this Contract are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Contract shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

**17. Attachments**

The attachments set forth herein shall be an integral part of this Agreement.

**18. Effectiveness**

18.1 This Agreement shall become effective upon execution by the Parties.

18.2 Any amendments, changes and supplements to this Agreement shall be in writing and shall become effective upon completion of the governmental filing procedures (if applicable) after the affixation of the signatures or seals of the Parties.

**19. Language and Counterparts**

This Agreement is written in Chinese and English in four copies. Pledgor, Pledgee and Party C shall hold one copy respectively and the other copy shall be used for registration. Each copy of this Agreement shall have equal validity. In case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

*The Remainder of this page is intentionally left blank*

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Equity Interest Pledge Agreement as of the date first above written.

**Party A: Beijing Yangguang Gudi Science Development Co., Ltd.**

By: /s/ Haoyong Yang  
Name: Haoyong Yang  
Title: Legal Representative

**Party B: Yang Liu**

By: /s/ Yang Liu

**Party C: Beijing Shan Jing Ke Chuang Network Technology Co., Ltd.**

By: /s/ Yang Liu  
Name: Yang Liu  
Title: Legal Representative

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**Attachments:**

1. Shareholders' Register of Party C;
  2. The Capital Contribution Certificate for Party C;
  3. Exclusive Technology Consultant and Service Agreement;
  4. Loan Agreement;
  5. Exclusive Option Agreement;
  6. Power of Attorney.
-

## Equity Interest Pledge Agreement

This Equity Interest Pledge Agreement (this "Agreement") has been executed by and among the following parties on August 6, 2015 in Beijing, the People's Republic of China ("China" or the "PRC"):

**Party A:** **Beijing Yangguang Gudi Science Development Co., Ltd.** (hereinafter "Pledgee"), a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Room 1811, 18/F, Building No.2, #1 Shangdi 10th Avenue, Haidian District, Beijing, PRC;

**Party B:** **Chunyan Guo** (hereinafter "Pledgor"), a citizen of China with Chinese Identification No.: \_\_\_\_\_ ; and

**Party C:** **Beijing Shan Jing Ke Chuang Network Technology Co., Ltd.**, a limited liability company organized and existing under the laws of the PRC, with its address at No.6, Anfu Road, Houshayu Town, Shunyi District, Beijing, PRC.

In this Agreement, each of Pledgee, Pledgor and Party C shall be referred to as a "Party" respectively, and they shall be collectively referred to as the "Parties".

Whereas:

1. Pledgor is a citizen of China who as of the date hereof holds 20.00% of equity interests of Party C, representing RMB7,741,935 in the registered capital of Party C. Party C is a limited liability company registered in Beijing, China, engaging in Internet information services and advertising services. Party C acknowledges the respective rights and obligations of Pledgor and Pledgee under this Agreement, and intends to provide any necessary assistance in registering the Pledge;

2. Pledgee is a wholly foreign-owned enterprise registered in China. Pledgee and Party C partially owned by Pledgor have executed an Exclusive Technology Consultant Agreement (as defined below) in Beijing; Party C, Pledgee and Pledgor have executed an Exclusive Option Agreement (as defined below); Pledgee and Pledgor have executed a Loan Agreement (as defined below); and Pledgor has executed a Power of Attorney to Pledgee.
3. To ensure that Party C and Pledgor fully perform their obligations under the Exclusive Technology Consultant Agreement, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney, Pledgor hereby pledges to the Pledgee all of the equity interest he holds in Party C as security for Party C's and Pledgor's obligations under the Exclusive Business Cooperation Agreements, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney.

To perform the provisions of the Transaction Documents, the Parties have mutually agreed to execute this Agreement upon the following terms.

#### **1. Definitions**

Unless otherwise provided herein, the terms below shall have the following meanings:

- 1.1 Pledge: shall refer to the security interest granted by Pledgor to Pledgee pursuant to Article 2 of this Agreement, i.e., the right of Pledgee to be compensated on a preferential basis with the conversion, auction or sales price of the Equity Interest.
- 1.2 Equity Interest: shall refer to all of the equity interest now held and hereafter acquired by Pledgor in Party C.
- 1.3 Term of Pledge: shall refer to the term set forth in Section 3.2 of this Agreement.

- 1.4 Transaction Documents: shall refer to the Exclusive Technology Consultant and Service Agreement executed by and between Party C and Pledgee on January 18, 2012 (the "Exclusive Technology Consultant Agreement"), the Exclusive Option Agreement executed by and among Party C, Pledgee and Pledgor on August 6, 2015 (the "Exclusive Option Agreement"), the Loan Agreement executed by and between Pledgee and Pledgor on August 6, 2015 (the "Loan Agreement"), Power of Attorney executed on August 6, 2015 by Pledgor (the "Power of Attorney") and any modification, amendment and restatement to the aforementioned documents.
- 1.5 Contract Obligation: shall refer to all the obligations of Pledgor under the Exclusive Option Agreement, the Power of Attorney, the Loan Agreement and this Agreement; all the obligations of Party C under the Exclusive Cooperation Agreement, the Exclusive Option Agreement and this Agreement.
- 1.6 Secured Indebtedness: shall refer to all the direct, indirect or derivative losses of Pledgee, including loss of expected profits, incurred as a result of any Event of Default (as defined below). The amount of such loss shall be based on, including but not limited to the reasonable business plan and profit forecast of Pledgee, the consulting and service fees payable to Pledgee under the Exclusive Business Cooperation Agreement and all expenses occurred in connection with enforcement by Pledgee of Pledgor's and/or Party C's Contract Obligation.
- 1.7 Event of Default: shall refer to any of the circumstances set forth in Article 7 of this Agreement.
- 1.8 Notice of Default: shall refer to the notice issued by Pledgee in accordance with this Agreement declaring an Event of Default.

## 2. The Pledge

- 2.1 Pledgor agrees to pledge all the Equity Interest as security for performance of the Contract Obligation and payment of the Secured Indebtedness under this Agreement. Party C hereby assents that Pledgor pledges the Equity Interest to the Pledgee pursuant to this Agreement.
- 2.2 During the term of the Pledge, Pledgee is entitled to receive dividends distributed on the Equity Interest. Pledgor may receive dividends distributed on the Equity Interest only with prior written consent from Pledgee. Dividends received by Pledgor on Equity Interest shall be, subject to requirement of Pledgee, (1) deposited into an account designated and supervised by Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to make any other payment; or (2) unconditionally give to Pledgee or any other person designated by Pledgee to the extent permitted under applicable PRC laws.
- 2.3 Pledgor may subscribe for capital increase in Party C only with prior written consent of Pledgee. Any equity interest obtained by the Pledgor in future capital increase shall be deemed as Equity Interest as well.
- 2.4 In the event that Party C is required by PRC law to be liquidated or dissolved, any interest distributed to Pledgor upon Party C's dissolution or liquidation shall be (1) deposited into an account designate and supervised by Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to make any other payment; or (2) unconditionally give to Pledgee or any other person designated by Pledgee to the extent permitted under applicable PRC laws.

### 3. Term of Pledge

- 3.1 The Pledge shall become effective on such date when the pledge of the Equity Interest contemplated herein has been registered with relevant administration for industry and commerce (the "AIC"). The Pledge shall be continuously valid until all Contract Obligations and Secured Indebtedness have been fully performed and paid. Pledgor and Party C shall (1) register the Pledge in the shareholders' register of Party C within 3 business days following the execution of this Agreement, and (2) submit an application to the AIC for the registration of the Pledge of the Equity Interest contemplated herein within 30 business days following the execution of this Agreement. The parties covenant that for the purpose of registration of the Pledge, the parties hereto and all other shareholders of Party C shall submit to the AIC this Agreement or an equity interest pledge contract in the form required by the AIC at the location of Party C which shall truly reflect the information of the Pledge hereunder (the "AIC Pledge Contract"). For matters not specified in the AIC Pledge Contract, the parties shall be bound by the provisions of this Agreement. Pledgor and Party C shall submit all necessary documents and complete all necessary procedures, as required by the PRC laws and regulations and the relevant AIC, to ensure that the Pledge of the Equity Interest shall be registered with the AIC as soon as possible after filing.
- 3.2 During the Term of Pledge, in the event Pledgor and/or Party C fails to perform the Contract Obligation or pay Secured Indebtedness, Pledgee shall have the right, but not the obligation, to exercise the Pledge in accordance with the provisions of this Agreement.

**4. Custody of Records for Equity Interest subject to Pledge**

- 4.1 During the Term of Pledge set forth in this Agreement, Pledgor shall deliver to Pledgee's custody the capital contribution certificate for the Equity Interest and the shareholders' register containing the Pledge within one week from the execution of this Agreement. Pledgee shall have custody of such documents during the entire Term of Pledge set forth in this Agreement.

**5. Representations and Warranties of Pledgor and Party C**

As of the execution date of this Agreement, Pledgor and Party C hereby jointly and severally represent and warrant to Pledgee that:

- 5.1 Pledgor is the sole legal and beneficial owner of the Equity Interest.
- 5.2 Pledgee shall have the right to dispose of and transfer the Equity Interest in accordance with the provisions set forth in this Agreement.
- 5.3 Except for the Pledge, Pledgor has not placed any security interest or other encumbrance on the Equity Interest.
- 5.4 Pledgor and Party C have obtained any and all approvals and consents from applicable government authorities and third parties (if required) for execution, delivery and performance of this Agreement.
- 5.5 The execution, delivery and performance of this Agreement will not: (i) violate any relevant PRC laws; (ii) conflict with Party C's articles of association or other constitutional documents; (iii) result in any breach of or constitute any default under any contract or instrument to which it is a party or by which it is otherwise bound; (iv) result in any violation of any condition for the grant and/or maintenance of any permit or approval granted to any Party; or (v) cause any permit or approval granted to any Party to be suspended, cancelled or attached with additional conditions.

## 6. Covenants of Pledgor and Party C

6.1 Pledgor and Party C hereby jointly and severally covenant to the Pledgee:

- 6.1.1 Pledgor shall not transfer the Equity Interest, place or permit the existence of any security interest or other encumbrance on the Equity Interest or any portion thereof, without the prior written consent of Pledgee, except for the performance of the Transaction Documents;
- 6.1.2 Pledgor and Party C shall comply with the provisions of all laws and regulations applicable to the pledge of rights, and within 5 days of receipt of any notice, order or recommendation issued or prepared by relevant competent authorities regarding the Pledge, shall present the aforementioned notice, order or recommendation to Pledgee, and shall comply with the aforementioned notice, order or recommendation or submit objections and representations with respect to the aforementioned matters upon Pledgee's reasonable request or upon consent of Pledgee;
- 6.1.3 Pledgor and Party C shall promptly notify Pledgee of any event or notice received by Pledgor that may have an impact on Pledgee's rights to the Equity Interest or any portion thereof, as well as any event or notice received by Pledgor that may have an impact on any guarantees and other obligations of Pledgor arising out of this Agreement.
- 6.1.4 Party C shall complete the registration procedures for extension of the term of operation within three (3) months prior to the expiration of such term to maintain the validity of this Agreement.

- 6.2 Pledgor agrees that the rights acquired by Pledgee in accordance with this Agreement with respect to the Pledge shall not be interrupted or harmed by Pledgor or any heirs or representatives of Pledgor or any other persons through any legal proceedings.
- 6.3 To protect or perfect the security interest granted by this Agreement for the Contract Obligation and Secured Indebtedness, Pledgor hereby undertakes to execute in good faith and to cause other parties who have an interest in the Pledge to execute all certificates, agreements, deeds and/or covenants required by Pledgee. Pledgor also undertakes to perform and to cause other parties who have an interest in the Pledge to perform actions required by Pledgee, to facilitate the exercise by Pledgee of its rights and authority granted thereto by this Agreement, and to enter into all relevant documents regarding ownership of Equity Interest with Pledgee or designee(s) of Pledgee (natural persons/legal persons). Pledgor undertakes to provide Pledgee within a reasonable time with all notices, orders and decisions regarding the Pledge that are required by Pledgee.
- 6.4 Pledgor hereby undertakes to comply with and perform all guarantees, promises, agreements, representations and conditions under this Agreement. In the event of failure or partial performance of its guarantees, promises, agreements, representations and conditions, Pledgor shall indemnify Pledgee for all losses resulting therefrom.

## **7. Event of Breach**

- 7.1 The following circumstances shall be deemed Event of Default:
- 7.1.1 Pledgor's any breach to any obligations under the Transaction Documents and/or this Agreement.
- 7.1.2 Party C's any breach to any obligations under the Transaction Documents and/or this Agreement.

- 7.2 Upon notice or discovery of the occurrence of any circumstances or event that may lead to the aforementioned circumstances described in Section 7.1, Pledgor and Party C shall immediately notify Pledgee in writing accordingly.
- 7.3 Unless an Event of Default set forth in this Section 7.1 has been successfully resolved to Pledgee's satisfaction within twenty (20) days after the Pledgee and /or Party C delivers a notice to the Pledgor requesting ratification of such Event of Default, Pledgee may issue a Notice of Default to Pledgor in writing at any time thereafter, demanding the Pledgor to immediately exercise the Pledge in accordance with the provisions of Article 8 of this Agreement.

**8. Exercise of Pledge**

- 8.1 Pledgee may issue a Notice of Default to Pledgor when exercising the Pledge.
- 8.2 Subject to the provisions of Section 7.3, Pledgee may exercise the right to enforce the Pledge at any time after the issuance of the Notice of Default in accordance with Section 8.1. Once Pledgee elects to enforce the Pledge, Pledgor shall cease to be entitled to any rights or interests associated with the Equity Interest.
- 8.3 After Pledgee issues a Notice of Default Pledgee in accordance with Section 8.1, Pledgee may exercise any remedy measure under applicable PRC laws, the Transaction Documents and this Agreement, including but not limited to be compensated in priority by the conversion of the Equity Pledge or from the proceeds from auction or sale of the Equity Interest. The Pledgee shall have no liability for any loss incurred by its duly exercise of such rights and powers.

- 8.4 The proceeds from exercise of the Pledge by Pledgee shall be used to pay for tax and expenses incurred by disposing the Equity Interest and perform Contract Obligations and pay the Secured Indebtedness prior and in preference to any other payment. After the payment of the aforementioned amounts, the remaining balance shall be returned to Pledgor or any other person who have rights to such balance under applicable laws or be deposited to the local notary public office where Pledgor resides, with all expense incurred being borne by Pledgor. To the extent permitted under applicable PRC laws, Pledgor shall unconditionally give the aforementioned proceeds to Pledgee or any other person designated by Pledgee.
- 8.5 Pledgee has the right to exercise any remedy measure available simultaneously or in any order. Pledgee may exercise the right to be compensated from in priority by the conversion of the Equity Pledge or from the proceeds from auction or sale of the Equity Interest under this Agreement, without exercising any other remedy measure first.
- 8.6 Pledgee is entitled to designate an attorney or other representatives to exercise the Pledge on its behalf and Pledgor and Party C shall not raise any objection to such exercise.
- 8.7 When Pledgee disposes of the Pledge in accordance with this Agreement, Pledgor and Party C shall provide necessary assistance to enable Pledgee to enforce the Pledge in accordance with this Agreement.

## **9. Breach of Agreement**

- 9.1 If Pledgor or Party C conducts any material breach of any term of this Agreement, Pledgee shall have right to terminate this Agreement and require Pledgor or Party C to compensate all damages; this Section 9 shall not prejudice any other rights of Pledgee herein;

- 9.2 If Pledgee conducts any breach of any term of this Agreement, Pledgor or Party C shall not terminate this Agreement in any event unless otherwise required by applicable laws.

#### **10. Assignment**

- 10.1 Without Pledgee's prior written consent, Pledgor shall not have the right to assign or delegate its rights and obligations under this Agreement.
- 10.2 This Agreement shall be binding on Pledgor and its successors and permitted assigns, and shall be valid with respect to Pledgee and each of its successors and assigns.
- 10.3 At any time, Pledgee may assign any and all of its rights and obligations under the Transaction Documents to its designee(s), in which case the assigns shall have the rights and obligations of Pledgee under this Agreement, as if it were the original party to this Agreement. When the Pledgee assigns the rights and obligations under the Business Cooperation Agreement, upon Pledgee's request, Pledgor and/or Party C shall execute relevant agreements or other documents relating to such assignment.
- 10.4 In the event of a change in Pledgee due to an assignment, Pledgor and/or Party C shall, at the request of Pledgee, execute a new pledge agreement with the new pledgee on the same terms and conditions as this Agreement, and register the same with the relevant AIC.

10.5 Pledgor and Party C shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by the Parties hereto or any of them, including the Transaction Documents, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. Any remaining rights of Pledgor with respect to the Equity Interest pledged hereunder shall not be exercised by Pledgor except in accordance with the written instructions of Pledgee.

#### **11. Termination**

11.1 Upon the fulfillment of all Contract Obligation and the full payment of all Secured Indebtedness by Pledgor and Party C, Pledgee shall release the Pledge under this Agreement upon Pledgor's request as soon as reasonably practicable and shall assist Pledgor to de-register the Pledge from the shareholders' register of Party C and with relevant PRC local administration for industry and commerce.

11.2 The provisions under Sections 9, 13, 14 and 11.2 herein of this Agreement shall survive the expiration or termination of this Agreement.

#### **12. Handling Fees and Other Expenses**

All fees and out of pocket expenses relating to this Agreement, including but not limited to legal costs, costs of production, stamp tax and any other taxes and fees, shall be borne by Party C.

### **13. Confidentiality**

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, investors, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, investors, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the staff members or agencies hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

### **14. Governing Law and Resolution of Disputes**

- 14.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of China.
- 14.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its Arbitration Rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.
- 14.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

## 15. Notices

- 15.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such party set forth below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:
- 15.2 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery or refusal at the address specified for notices.
- 15.3 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).
- 15.4 For the purpose of notices, the addresses of the Parties are as follows:

**Party A: Beijing Yangguang Gudi Science Development Co., Ltd.**  
Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

**Party B: Chunyan Guo**

Address: Tower E, North America International Business Center, #Y1108, Beiyuan Road, Chaoyang District, Beijing

Phone: +8610 64435588-8888

Facsimile: +8610-64459926

**Party C: Beijing Shan Jing Ke Chuang Network Technology Co., Ltd.**

Address: No.6, Anfu Road, Houshayu Town, Shunyi District, Beijing, PRC

Attn: Jinbo Yao

Phone: +8610 64435588-8888

Facsimile: +8610-64459926

15.5 Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

**16. Severability**

In the event that one or several of the provisions of this Contract are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Contract shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

**17. Attachments**

The attachments set forth herein shall be an integral part of this Agreement.

**18. Effectiveness**

18.1 This Agreement shall become effective upon execution by the Parties.

18.2 Any amendments, changes and supplements to this Agreement shall be in writing and shall become effective upon completion of the governmental filing procedures (if applicable) after the affixation of the signatures or seals of the Parties.

**19. Language and Counterparts**

This Agreement is written in Chinese and English in four copies. Pledgor, Pledgee and Party C shall hold one copy respectively and the other copy shall be used for registration. Each copy of this Agreement shall have equal validity. In case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

*The Remainder of this page is intentionally left blank*

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Equity Interest Pledge Agreement as of the date first above written.

**Party A: Beijing Yangguang Gudi Science Development Co., Ltd.**

By: /s/ Haoyong Yang  
Name: Haoyong Yang  
Title: Legal Representative

**Party B: Chunyan Guo**

By: /s/ Chunyan Guo

**Party C: Beijing Shan Jing Ke Chuang Network Technology Co., Ltd.**

By: /s/ Yang Liu  
Name: Yang Liu  
Title: Legal Representative

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**Attachments:**

1. Shareholders' Register of Party C;
  2. The Capital Contribution Certificate for Party C;
  3. Exclusive Technology Consultant and Service Agreement;
  4. Loan Agreement;
  5. Exclusive Option Agreement;
  6. Power of Attorney.
-

## Equity Interest Pledge Agreement

This Equity Interest Pledge Agreement (this "Agreement") has been executed by and among the following parties on August 6, 2015 in Beijing, the People's Republic of China ("China" or the "PRC"):

**Party A: Beijing Yangguang Gudi Science Development Co., Ltd.** (hereinafter "Pledgee"), a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Room 1811, 18/F, Building No.2, #1 Shangdi 10th Avenue, Haidian District, Beijing, PRC;

**Party B: Haoyong Yang** (hereinafter "Pledgor"), a citizen of China with Chinese Identification No.: \_\_\_\_\_; and

**Party C: Beijing Shan Jing Ke Chuang Network Technology Co., Ltd.**, a limited liability company organized and existing under the laws of the PRC, with its address at No.6, Anfu Road, Houshayu Town, Shunyi District, Beijing, PRC.

In this Agreement, each of Pledgee, Pledgor and Party C shall be referred to as a "Party" respectively, and they shall be collectively referred to as the "Parties".

Whereas:

1. Pledgor is a citizen of China who as of the date hereof holds 0.31% of equity interests of Party C, representing RMB120,000 in the registered capital of Party C. Party C is a limited liability company registered in Beijing, China, engaging in Internet information services and advertising services. Party C acknowledges the respective rights and obligations of Pledgor and Pledgee under this Agreement, and intends to provide any necessary assistance in registering the Pledge;

2. Pledgee is a wholly foreign-owned enterprise registered in China. Pledgee and Party C partially owned by Pledgor have executed an Exclusive Technology Consultant Agreement (as defined below) in Beijing; Party C, Pledgee and Pledgor have executed an Exclusive Option Agreement (as defined below); Pledgee and Pledgor have executed a Loan Agreement (as defined below); and Pledgor has executed a Power of Attorney to Pledgee.
3. To ensure that Party C and Pledgor fully perform their obligations under the Exclusive Technology Consultant Agreement, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney, Pledgor hereby pledges to the Pledgee all of the equity interest he holds in Party C as security for Party C's and Pledgor's obligations under the Exclusive Business Cooperation Agreements, the Exclusive Option Agreement, the Loan Agreement and the Power of Attorney.

To perform the provisions of the Transaction Documents, the Parties have mutually agreed to execute this Agreement upon the following terms.

#### **1. Definitions**

Unless otherwise provided herein, the terms below shall have the following meanings:

- 1.1 Pledge: shall refer to the security interest granted by Pledgor to Pledgee pursuant to Article 2 of this Agreement, i.e., the right of Pledgee to be compensated on a preferential basis with the conversion, auction or sales price of the Equity Interest.
- 1.2 Equity Interest: shall refer to all of the equity interest now held and hereafter acquired by Pledgor in Party C.
- 1.3 Term of Pledge: shall refer to the term set forth in Section 3.2 of this Agreement.

- 1.4 Transaction Documents: shall refer to the Exclusive Technology Consultant and Service Agreement executed by and between Party C and Pledgee on January 18, 2012 (the "Exclusive Technology Consultant Agreement"), the Exclusive Option Agreement executed by and among Party C, Pledgee and Pledgor on August 6, 2015 (the "Exclusive Option Agreement"), the Loan Agreement executed by and between Pledgee and Pledgor on August 6, 2015 (the "Loan Agreement"), Power of Attorney executed on August 6, 2015 by Pledgor (the "Power of Attorney") and any modification, amendment and restatement to the aforementioned documents.
- 1.5 Contract Obligation: shall refer to all the obligations of Pledgor under the Exclusive Option Agreement, the Power of Attorney, the Loan Agreement and this Agreement; all the obligations of Party C under the Exclusive Cooperation Agreement, the Exclusive Option Agreement and this Agreement.
- 1.6 Secured Indebtedness: shall refer to all the direct, indirect or derivative losses of Pledgee, including loss of expected profits, incurred as a result of any Event of Default (as defined below). The amount of such loss shall be based on, including but not limited to the reasonable business plan and profit forecast of Pledgee, the consulting and service fees payable to Pledgee under the Exclusive Business Cooperation Agreement and all expenses occurred in connection with enforcement by Pledgee of Pledgor's and/or Party C's Contract Obligation.
- 1.7 Event of Default: shall refer to any of the circumstances set forth in Article 7 of this Agreement.
- 1.8 Notice of Default: shall refer to the notice issued by Pledgee in accordance with this Agreement declaring an Event of Default.

## 2. The Pledge

- 2.1 Pledgor agrees to pledge all the Equity Interest as security for performance of the Contract Obligation and payment of the Secured Indebtedness under this Agreement. Party C hereby assents that Pledgor pledges the Equity Interest to the Pledgee pursuant to this Agreement.
- 2.2 During the term of the Pledge, Pledgee is entitled to receive dividends distributed on the Equity Interest. Pledgor may receive dividends distributed on the Equity Interest only with prior written consent from Pledgee. Dividends received by Pledgor on Equity Interest shall be, subject to requirement of Pledgee, (1) deposited into an account designated and supervised by Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to make any other payment; or (2) unconditionally give to Pledgee or any other person designated by Pledgee to the extent permitted under applicable PRC laws.
- 2.3 Pledgor may subscribe for capital increase in Party C only with prior written consent of Pledgee. Any equity interest obtained by the Pledgor in future capital increase shall be deemed as Equity Interest as well.
- 2.4 In the event that Party C is required by PRC law to be liquidated or dissolved, any interest distributed to Pledgor upon Party C's dissolution or liquidation shall be (1) deposited into an account designate and supervised by Pledgee and used to secure the Contract Obligations and pay the Secured Indebtedness prior and in preference to make any other payment; or (2) unconditionally give to Pledgee or any other person designated by Pledgee to the extent permitted under applicable PRC laws.

### **3. Term of Pledge**

- 3.1 The Pledge shall become effective on such date when the pledge of the Equity Interest contemplated herein has been registered with relevant administration for industry and commerce (the "AIC"). The Pledge shall be continuously valid until all Contract Obligations and Secured Indebtedness have been fully performed and paid. Pledgor and Party C shall (1) register the Pledge in the shareholders' register of Party C within 3 business days following the execution of this Agreement, and (2) submit an application to the AIC for the registration of the Pledge of the Equity Interest contemplated herein within 30 business days following the execution of this Agreement. The parties covenant that for the purpose of registration of the Pledge, the parties hereto and all other shareholders of Party C shall submit to the AIC this Agreement or an equity interest pledge contract in the form required by the AIC at the location of Party C which shall truly reflect the information of the Pledge hereunder (the "AIC Pledge Contract"). For matters not specified in the AIC Pledge Contract, the parties shall be bound by the provisions of this Agreement. Pledgor and Party C shall submit all necessary documents and complete all necessary procedures, as required by the PRC laws and regulations and the relevant AIC, to ensure that the Pledge of the Equity Interest shall be registered with the AIC as soon as possible after filing.
- 3.2 During the Term of Pledge, in the event Pledgor and/or Party C fails to perform the Contract Obligation or pay Secured Indebtedness, Pledgee shall have the right, but not the obligation, to exercise the Pledge in accordance with the provisions of this Agreement.

### **4. Custody of Records for Equity Interest subject to Pledge**

- 4.1 During the Term of Pledge set forth in this Agreement, Pledgor shall deliver to Pledgee's custody the capital contribution certificate for the Equity Interest and the shareholders' register containing the Pledge within one week from the execution of this Agreement. Pledgee shall have custody of such documents during the entire Term of Pledge set forth in this Agreement.

## **5. Representations and Warranties of Pledgor and Party C**

As of the execution date of this Agreement, Pledgor and Party C hereby jointly and severally represent and warrant to Pledgee that:

- 5.1 Pledgor is the sole legal and beneficial owner of the Equity Interest.
- 5.2 Pledgee shall have the right to dispose of and transfer the Equity Interest in accordance with the provisions set forth in this Agreement.
- 5.3 Except for the Pledge, Pledgor has not placed any security interest or other encumbrance on the Equity Interest.
- 5.4 Pledgor and Party C have obtained any and all approvals and consents from applicable government authorities and third parties (if required) for execution, delivery and performance of this Agreement.
- 5.5 The execution, delivery and performance of this Agreement will not: (i) violate any relevant PRC laws; (ii) conflict with Party C's articles of association or other constitutional documents; (iii) result in any breach of or constitute any default under any contract or instrument to which it is a party or by which it is otherwise bound; (iv) result in any violation of any condition for the grant and/or maintenance of any permit or approval granted to any Party; or (v) cause any permit or approval granted to any Party to be suspended, cancelled or attached with additional conditions.

## 6. Covenants of Pledgor and Party C

6.1 Pledgor and Party C hereby jointly and severally covenant to the Pledgee:

- 6.1.1 Pledgor shall not transfer the Equity Interest, place or permit the existence of any security interest or other encumbrance on the Equity Interest or any portion thereof, without the prior written consent of Pledgee, except for the performance of the Transaction Documents;
- 6.1.2 Pledgor and Party C shall comply with the provisions of all laws and regulations applicable to the pledge of rights, and within 5 days of receipt of any notice, order or recommendation issued or prepared by relevant competent authorities regarding the Pledge, shall present the aforementioned notice, order or recommendation to Pledgee, and shall comply with the aforementioned notice, order or recommendation or submit objections and representations with respect to the aforementioned matters upon Pledgee's reasonable request or upon consent of Pledgee;
- 6.1.3 Pledgor and Party C shall promptly notify Pledgee of any event or notice received by Pledgor that may have an impact on Pledgee's rights to the Equity Interest or any portion thereof, as well as any event or notice received by Pledgor that may have an impact on any guarantees and other obligations of Pledgor arising out of this Agreement.
- 6.1.4 Party C shall complete the registration procedures for extension of the term of operation within three (3) months prior to the expiration of such term to maintain the validity of this Agreement.

- 6.2 Pledgor agrees that the rights acquired by Pledgee in accordance with this Agreement with respect to the Pledge shall not be interrupted or harmed by Pledgor or any heirs or representatives of Pledgor or any other persons through any legal proceedings.
- 6.3 To protect or perfect the security interest granted by this Agreement for the Contract Obligation and Secured Indebtedness, Pledgor hereby undertakes to execute in good faith and to cause other parties who have an interest in the Pledge to execute all certificates, agreements, deeds and/or covenants required by Pledgee. Pledgor also undertakes to perform and to cause other parties who have an interest in the Pledge to perform actions required by Pledgee, to facilitate the exercise by Pledgee of its rights and authority granted thereto by this Agreement, and to enter into all relevant documents regarding ownership of Equity Interest with Pledgee or designee(s) of Pledgee (natural persons/legal persons). Pledgor undertakes to provide Pledgee within a reasonable time with all notices, orders and decisions regarding the Pledge that are required by Pledgee.
- 6.4 Pledgor hereby undertakes to comply with and perform all guarantees, promises, agreements, representations and conditions under this Agreement. In the event of failure or partial performance of its guarantees, promises, agreements, representations and conditions, Pledgor shall indemnify Pledgee for all losses resulting therefrom.

## **7. Event of Breach**

- 7.1 The following circumstances shall be deemed Event of Default:
- 7.1.1 Pledgor's any breach to any obligations under the Transaction Documents and/or this Agreement.
- 7.1.2 Party C's any breach to any obligations under the Transaction Documents and/or this Agreement.

- 7.2 Upon notice or discovery of the occurrence of any circumstances or event that may lead to the aforementioned circumstances described in Section 7.1, Pledgor and Party C shall immediately notify Pledgee in writing accordingly.
- 7.3 Unless an Event of Default set forth in this Section 7.1 has been successfully resolved to Pledgee's satisfaction within twenty (20) days after the Pledgee and /or Party C delivers a notice to the Pledgor requesting ratification of such Event of Default, Pledgee may issue a Notice of Default to Pledgor in writing at any time thereafter, demanding the Pledgor to immediately exercise the Pledge in accordance with the provisions of Article 8 of this Agreement.

**8. Exercise of Pledge**

- 8.1 Pledgee may issue a Notice of Default to Pledgor when exercising the Pledge.
- 8.2 Subject to the provisions of Section 7.3, Pledgee may exercise the right to enforce the Pledge at any time after the issuance of the Notice of Default in accordance with Section 8.1. Once Pledgee elects to enforce the Pledge, Pledgor shall cease to be entitled to any rights or interests associated with the Equity Interest.
- 8.3 After Pledgee issues a Notice of Default Pledgee in accordance with Section 8.1, Pledgee may exercise any remedy measure under applicable PRC laws, the Transaction Documents and this Agreement, including but not limited to be compensated in priority by the conversion of the Equity Pledge or from the proceeds from auction or sale of the Equity Interest. The Pledgee shall have no liability for any loss incurred by its duly exercise of such rights and powers.

- 8.4 The proceeds from exercise of the Pledge by Pledgee shall be used to pay for tax and expenses incurred by disposing the Equity Interest and perform Contract Obligations and pay the Secured Indebtedness prior and in preference to any other payment. After the payment of the aforementioned amounts, the remaining balance shall be returned to Pledgor or any other person who have rights to such balance under applicable laws or be deposited to the local notary public office where Pledgor resides, with all expense incurred being borne by Pledgor. To the extent permitted under applicable PRC laws, Pledgor shall unconditionally give the aforementioned proceeds to Pledgee or any other person designated by Pledgee.
- 8.5 Pledgee has the right to exercise any remedy measure available simultaneously or in any order. Pledgee may exercise the right to be compensated from in priority by the conversion of the Equity Pledge or from the proceeds from auction or sale of the Equity Interest under this Agreement, without exercising any other remedy measure first.
- 8.6 Pledgee is entitled to designate an attorney or other representatives to exercise the Pledge on its behalf and Pledgor and Party C shall not raise any objection to such exercise.
- 8.7 When Pledgee disposes of the Pledge in accordance with this Agreement, Pledgor and Party C shall provide necessary assistance to enable Pledgee to enforce the Pledge in accordance with this Agreement.

## **9. Breach of Agreement**

- 9.1 If Pledgor or Party C conducts any material breach of any term of this Agreement, Pledgee shall have right to terminate this Agreement and require Pledgor or Party C to compensate all damages; this Section 9 shall not prejudice any other rights of Pledgee herein;

9.2 If Pledgee conducts any breach of any term of this Agreement, Pledgor or Party C shall not terminate this Agreement in any event unless otherwise required by applicable laws.

#### **10. Assignment**

- 10.1 Without Pledgee's prior written consent, Pledgor shall not have the right to assign or delegate its rights and obligations under this Agreement.
- 10.2 This Agreement shall be binding on Pledgor and its successors and permitted assigns, and shall be valid with respect to Pledgee and each of its successors and assigns.
- 10.3 At any time, Pledgee may assign any and all of its rights and obligations under the Transaction Documents to its designee(s), in which case the assigns shall have the rights and obligations of Pledgee under this Agreement, as if it were the original party to this Agreement. When the Pledgee assigns the rights and obligations under the Business Cooperation Agreement, upon Pledgee's request, Pledgor and/or Party C shall execute relevant agreements or other documents relating to such assignment.
- 10.4 In the event of a change in Pledgee due to an assignment, Pledgor and/or Party C shall, at the request of Pledgee, execute a new pledge agreement with the new pledgee on the same terms and conditions as this Agreement, and register the same with the relevant AIC.
- 10.5 Pledgor and Party C shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by the Parties hereto or any of them, including the Transaction Documents, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. Any remaining rights of Pledgor with respect to the Equity Interest pledged hereunder shall not be exercised by Pledgor except in accordance with the written instructions of Pledgee.

## **11. Termination**

11.1 Upon the fulfillment of all Contract Obligation and the full payment of all Secured Indebtedness by Pledgor and Party C, Pledgee shall release the Pledge under this Agreement upon Pledgor's request as soon as reasonably practicable and shall assist Pledgor to de-register the Pledge from the shareholders' register of Party C and with relevant PRC local administration for industry and commerce.

11.2 The provisions under Sections 9, 13, 14 and 11.2 herein of this Agreement shall survive the expiration or termination of this Agreement.

## **12. Handling Fees and Other Expenses**

All fees and out of pocket expenses relating to this Agreement, including but not limited to legal costs, costs of production, stamp tax and any other taxes and fees, shall be borne by Party C.

### **13. Confidentiality**

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, investors, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, investors, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the staff members or agencies hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

### **14. Governing Law and Resolution of Disputes**

- 14.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of China.
- 14.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its Arbitration Rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.

14.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

## 15. Notices

15.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such party set forth below. A confirmation copy of each notice shall also be sent by E-mail. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

15.2 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery or refusal at the address specified for notices.

15.3 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

15.4 For the purpose of notices, the addresses of the Parties are as follows:

**Party A: Beijing Yangguang Gudi Science Development Co., Ltd.**

Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing

Attn: Jinbo Yao

Phone: +8610 64435588-8888

Facsimile: +8610-64459926

**Party B: Haoyong Yang**

Address:

Phone:

Facsimile:

**Party C: Beijing Shan Jing Ke Chuang Network Technology Co., Ltd.**

Address: No.6, Anfu Road, Houshayu Town, Shunyi District, Beijing, PRC

Attn: Jinbo Yao

Phone: +8610 64435588-8888

Facsimile: +8610-64459926

15.5 Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

## **16. Severability**

In the event that one or several of the provisions of this Contract are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Contract shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

**17. Attachments**

The attachments set forth herein shall be an integral part of this Agreement.

**18. Effectiveness**

18.1 This Agreement shall become effective upon execution by the Parties.

18.2 Any amendments, changes and supplements to this Agreement shall be in writing and shall become effective upon completion of the governmental filing procedures (if applicable) after the affixation of the signatures or seals of the Parties.

**19. Language and Counterparts**

This Agreement is written in Chinese and English in four copies. Pledgor, Pledgee and Party C shall hold one copy respectively and the other copy shall be used for registration. Each copy of this Agreement shall have equal validity. In case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

*The Remainder of this page is intentionally left blank*

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Equity Interest Pledge Agreement as of the date first above written.

**Party A: Beijing Yangguang Gudi Science Development Co., Ltd.**

By: /s/ Haoyong Yang  
Name: Haoyong Yang  
Title: Legal Representative

**Party B: Haoyong Yang**

By: /s/ Haoyong Yang

**Party C: Beijing Shan Jing Ke Chuang Network Technology Co., Ltd.**

By: /s/ Yang Liu  
Name: Yang Liu  
Title: Legal Representative

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**Attachments:**

1. Shareholders' Register of Party C;
  2. The Capital Contribution Certificate for Party C;
  3. Exclusive Technology Consultant and Service Agreement;
  4. Loan Agreement;
  5. Exclusive Option Agreement;
  6. Power of Attorney.
-

**Exclusive Option Agreement**

This (this "Agreement") is executed by and among the following Parties as of the 6th day of August, 2015 in Beijing, the People's Republic of China ("China" or the "PRC"):

- Party A:** **Beijing Yangguang Gudi Science Development Co., Ltd.**, a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Room 1811, 18/F, Building No.2, #1 Shangdi 10th Avenue, Haidian District, Beijing, PRC;
- Party B:** **58 Co., Ltd.**, a limited liability company organized and existing under the laws of the PRC, with its address at Room 210-03, Office Building, Nangang Industry Zone, Economic and Technological Development District, Tianjin, PRC; and
- Party C:** **Beijing Shan Jing Ke Chuang Network Technology Co., Ltd.**, a limited liability company organized and existing under the laws of the PRC, with its address at No.6, Anfu Road, Houshayu Town, Shunyi District, Beijing, PRC.

In this Agreement, each of Party A, Party B and Party C shall be referred to as a "Party" respectively, and they shall be collectively referred to as the "Parties".

Whereas:

1. Party B is a shareholder of Party C and as of the date hereof holds 49.00% of equity interests of Party C, representing RMB18,967,742 in the registered capital of Party C.
2. Party A and Party B executed a Loan Agreement ("Loan Agreement") on August 6, 2015, according to which Party A confirmed that it provided to Party B a loan in amount of RMB18,967,742, to be used for the purpose of subscribing for the equity interest in Party C.

Now therefore, upon mutual discussion and negotiation, the Parties have reached the following agreement:

**1. Sale and Purchase of Equity Interest**

1.1 Option Granted

In consideration of the payment of RMB10 by Party A, the receipt and adequacy of which is hereby acknowledged by Party B, Party B hereby irrevocably grants Party A an irrevocable and exclusive right to purchase, or designate one or more persons (each, a "Designee") to purchase the equity interests in Party C then held by Party B once or at multiple times at any time in part or in whole at Party A's sole and absolute discretion to the extent permitted by Chinese laws and at the price described in Section 1.3 herein (such right being the "Equity Interest Purchase Option"). Except for Party A and the Designee(s), no other person shall be entitled to the Equity Interest Purchase Option or other rights with respect to the equity interests of Party B. Party C hereby agrees to the grant by Party B of the Equity Interest Purchase Option to Party A. The term "person" as used herein shall refer to individuals, corporations, partnerships, partners, enterprises, trusts or non-corporate organizations.

1.2 Steps for Exercise of Equity Interest Purchase Option

Subject to the provisions of the laws and regulations of China, Party A may exercise the Equity Interest Purchase Option by issuing a written notice to Party B (the "Equity Interest Purchase Option Notice"), specifying: (a) Party A's or the Designee's decision to exercise the Equity Interest Purchase Option; (b) the portion of equity interests to be purchased by Party A or the Designee from Party B (the "Optioned Interests"); and (c) the date for purchasing the Optioned Interests and/or the date for transfer of the Optioned Interests.

1.3 Equity Interest Purchase Price

The purchase price of all equity interests held by Party B in Party C purchased by Party A by exercising the Equity Interest Purchase Option shall be RMB18,967,742; if Party A exercises the Equity Interest Purchase Option to purchase part of the equity interests held by Party B in Party C, the purchase price shall be calculated pro rata. If PRC law requires a minimum price higher than aforementioned price when Party A exercises Equity Interest Purchase Option, the minimum price regulated by PRC law shall be the purchase price (collectively, the "Equity Interest Purchase Price").

1.4 Transfer of Optioned Interests

For each exercise of the Equity Interest Purchase Option:

- 1.4.1 Party B shall cause Party C to promptly convene a shareholders' meeting, at which a resolution shall be adopted approving Party B's transfer of the Optioned Interests to Party A and/or the Designee(s);
- 1.4.2 Party B shall obtain written statements from the other shareholders of Party B giving consent to the transfer of the equity interest to Party A and/or the Designee(s) and waiving any right of first refusal related thereto.

- 1.4.3 Party B shall execute an equity interest transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Equity Interest Purchase Option Notice regarding the Optioned Interests;
- 1.4.4 The relevant Parties shall execute all other necessary contracts, agreements or documents, obtain all necessary government licenses and permits and take all necessary actions to transfer valid ownership of the Optioned Interests to Party A and/or the Designee(s), unencumbered by any security interests, and cause Party A and/or the Designee(s) to become the registered owner (s) of the Optioned Interests. For the purpose of this Section and this Agreement, "security interests" shall include securities, mortgages, third party's rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement, Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney. "Party B's Equity Interest Pledge Agreement" as used in this Agreement shall refer to the Amended and Restated Equity Interest Pledge Agreement executed by and among Party A, Party B and Party C on the date hereof and any modification, amendment and restatement thereto. "Party B's Power of Attorney" as used in this Agreement shall refer to the Power of Attorney executed by Party B on the date hereof granting Party A with power of attorney and any modification, amendment and restatement thereto.

1.5 Payment

The Parties have agreed in the Loan Agreement that any proceeds obtained by Party B through the transfer of its equity interests in Party C shall be used for repayment of the loan provided by Party A in accordance with the Loan Agreement. Accordingly, upon exercise of the Equity Interest Purchase Option, Party A may elect to make payment of the Equity Interest Purchase Price through cancellation of the outstanding amount of the loan owed by Party B to Party A, in which case Party A shall not be required to pay any additional Equity Interest Purchase Price to Party B, unless the Total Equity Interest Purchase Price set forth herein is required to be adjusted in accordance with applicable laws and regulations.

2. Covenants

2.1 Covenants regarding Party C

Party B (as the shareholders of Party C) and Party C hereby covenant as follows:

- 2.1.1 Without the prior written consent of Party A, they shall not in any manner supplement, change or amend the articles of association and bylaws of Party C, increase or decrease its registered capital, or change its structure of registered capital in other manners;
- 2.1.2 They shall maintain Party C's corporate existence in accordance with good financial and business standards, obtain and maintain all necessary government licenses and permits and practice by prudently and effectively operating its business and handling its affairs;
- 2.1.3 Without the prior written consent of Party A, they shall not at any time following the date hereof, sell, transfer, mortgage or dispose of in any manner any assets of Party C or legal or beneficial interest in the business or revenues of Party C, or allow the encumbrance thereon of any security interest;

- 2.1.4 Without the prior written consent of Party A, they shall not incur, inherit, guarantee or suffer the existence of any debt, except for (i) debts incurred in the ordinary course of business other than through loans; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained;
- 2.1.5 They shall always operate all of Party C's businesses during the ordinary course of business to maintain the asset value of Party C and refrain from any action/omission that may affect Party C's operating status and asset value;
- 2.1.6 Without the prior written consent of Party A, they shall not cause Party C to execute any major contract, except the contracts in the ordinary course of business (for purpose of this subsection, a contract with a price exceeding RMB500,000 shall be deemed a major contract);
- 2.1.7 Without the prior written consent of Party A, they shall not cause Party C to provide any person with any loan or credit;
- 2.1.8 They shall provide Party A with information on Party C's business operations and financial condition at Party A's request;
- 2.1.9 If requested by Party A, they shall procure and maintain insurance in respect of Party C's assets and business from an insurance carrier acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses;

- 2.1.10 Without the prior written consent of Party A, they shall not cause or permit Party C to merge, consolidate with, acquire or invest in any person;
- 2.1.11 They shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Party C's assets, business or revenue;
- 2.1.12 To maintain the ownership by Party C of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;
- 2.1.13 Without the prior written consent of Party A, they shall ensure that Party C shall not in any manner distribute dividends to its shareholders, provided that upon Party A's written request, Party C shall immediately distribute all distributable profits to its shareholders; and
- 2.1.14 At the request of Party A, they shall appoint any persons designated by Party A as the director(s) of Party C.
- 2.1.15 Without Party A's prior written consent, they shall not engage in any business in competition with Party A or its affiliates.
- 2.1.16 Unless otherwise required by PRC law, Party C shall not be dissolved or liquidated without prior written consent by Party A.

2.2 Covenants of Party B

Party B hereby covenants as follows:

- 2.2.1 Without the prior written consent of Party A, Party B shall not sell, transfer, mortgage or dispose of in any other manner any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney;
- 2.2.2 Party B shall cause the shareholders' meeting and/or the director(s) of Party C not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, without the prior written consent of Party A, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney;
- 2.2.3 Party B shall cause the shareholders' meeting or the director(s) of Party C not to approve the merger or consolidation with any person, or the acquisition of or investment in any person, without the prior written consent of Party A;
- 2.2.4 Party B shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the equity interests in Party C held by Party B;
- 2.2.5 Party B shall cause the shareholders' meeting or the director(s) of Party C to vote their approval of the transfer of the Optioned Interests as set forth in this Agreement and to take any and all other actions that may be requested by Party A;

- 2.2.6 To the extent necessary to maintain Party B's ownership in Party C, Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;
- 2.2.7 Party B shall appoint any designee of Party A as the director(s) of Party C, at the request of Party A;
- 2.2.8 Party B hereby waives its right of first of refusal to transfer of equity interest by the other existing shareholders of Party C to Party A (if any); and
- 2.2.9 Party B shall promptly donate any profit, interest, dividend or proceeds of liquidation to Party A or any other person designated by Party A to the extent permitted under applicable PRC laws.
- 2.2.10 Party B shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by and among Party B, Party C and Party A, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. To the extent that Party B has any remaining rights with respect to the equity interests subject to this Agreement hereunder or under the Equity Interest Pledge Agreement among the same parties hereto or under the Power of Attorney granted in favor of Party A, Party B shall not exercise such rights except in accordance with the written instructions of Party A.

### 3. **Representations and Warranties**

Party B and Party C hereby represent and warrant to Party A, jointly and severally, as of the date of this Agreement and each date of transfer of the Optioned Interests, that:

- 3.1 They have the authority to execute and deliver this Agreement and any equity interest transfer contracts to which they are parties concerning the Optioned Interests to be transferred thereunder (each, a "Transfer Contracts"), and to perform their obligations under this Agreement and any Transfer Contracts. Party B and Party C agree to enter into Transfer Contracts consistent with the terms of this Agreement upon Party A's exercise of the Equity Interest Purchase Option. This Agreement and the Transfer Contracts to which they are parties constitute or will constitute their legal, valid and binding obligations and shall be enforceable against them in accordance with the provisions thereof;
- 3.2 Party B and Party C have obtained any and all approvals and consents from government authorities and third parties (if required) for execution, delivery and performance of this Agreement.
- 3.3 The execution and delivery of this Agreement or any Transfer Contracts and the obligations under this Agreement or any Transfer Contracts shall not: (i) cause any violation of any applicable laws of China; (ii) be inconsistent with the articles of association, bylaws or other organizational documents of Party C; (iii) cause the violation of any contracts or instruments to which they are a party or which are binding on them, or constitute any breach under any contracts or instruments to which they are a party or which are binding on them; (iv) cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them;

- 3.4 Party B has a good and merchantable title to the equity interests in Party C he holds. Except for Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney, Party B has not placed any security interest on such equity interests;
- 3.5 Party C has a good and merchantable title to all of its assets, and has not placed any security interest on the aforementioned assets;
- 3.6 Party C does not have any outstanding debts, except for (i) debt incurred in the ordinary course of business; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained.
- 3.7 Party C has complied with all laws and regulations of China applicable to asset acquisitions; and
- 3.8 There are no pending or threatened litigation, arbitration or administrative proceedings relating to the equity interests in Party C, assets of Party C or Party C.

**4. Effective Date**

This Agreement shall become effective upon execution by the Parties, and remain effective until all equity interests held by Party B in Party C have been transferred or assigned to Party A and/or any other person designated by Party A in accordance with this Agreement.

**5. Governing Law and Resolution of Disputes**

5.1 Governing law

The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of PRC.

5.2 Methods of Resolution of Disputes

In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its Arbitration Rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.

**6. Taxes and Fees**

Each Party shall pay any and all transfer and registration tax, expenses and fees incurred thereby or levied thereon in accordance with the laws of China in connection with the preparation and execution of this Agreement and the Transfer Contracts, as well as the consummation of the transactions contemplated under this Agreement and the Transfer Contracts.

**7. Notices**

7.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

7.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of receipt or refusal at the address specified for notices.

7.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

7.2 For the purpose of notices, the addresses of the Parties are as follows:

**Party A: Beijing Yangguang Gudi Science Development Co., Ltd.**

Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing

Attn: Jinbo Yao

Phone: +8610 64435588-8888

Facsimile: +8610-64459926

**Party B: 58 Co., Ltd.**

Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing

Phone: +8610 64435588-8888

Facsimile: +8610-64459926

**Party C: Beijing Shan Jing Ke Chuang Network Technology Co., Ltd.**

Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing

Attn: Jinbo Yao

Phone: +8610 64435588-8888

Facsimile: +8610-64459926

7.3 Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

**8. Confidentiality**

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, investors, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, investors, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the staff members or agencies hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

**9. Further Warranties**

The Parties agree to promptly execute documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement.

**10. Breach of Agreement**

- 10.1 If Party B or Party C conducts any material breach of any term of this Agreement, Party A shall have right to terminate this Agreement and require the Party B or Party C to compensate all damages; this Section 10 shall not prejudice any other rights of Party A herein;
- 10.2 If Party A conducts any breach of any term of this Agreement, Party B or Party C shall not terminate this Agreement in any event unless otherwise required by applicable laws.

**11. Miscellaneous**

11.1 Amendment, change and supplement

Any amendment, change and supplement to this Agreement shall require the execution of a written agreement by all of the Parties.

11.2 Entire agreement

Except for the amendments, supplements or changes in writing executed after the execution of this Agreement, this Agreement shall constitute the entire agreement reached by and among the Parties hereto with respect to the subject matter hereof, and shall supersede all prior oral and written consultations, representations and contracts reached with respect to the subject matter of this Agreement.

11.3 Headings

The headings of this Agreement are for convenience only, and shall not be used to interpret, explain or otherwise affect the meanings of the provisions of this Agreement.

11.4 Language

This Agreement is written in both Chinese and English language in three copies, each Party having one copy with equal legal validity; in case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

11.5 Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

11.6 Successors

This Agreement shall be binding on and shall inure to the interest of the respective successors of the Parties and the permitted assigns of such Parties.

11.7 Survival

11.7.1 Any obligations that occur or that are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof.

11.7.2 The provisions of Sections 5, 8, 10 and this Section 11.7 shall survive the termination of this Agreement.

11.8 Waivers

Any Party may waive the terms and conditions of this Agreement, provided that such a waiver must be provided in writing and shall require the signatures of the Parties. No waiver by any Party in certain circumstances with respect to a breach by other Parties shall operate as a waiver by such a Party with respect to any similar breach in other circumstances.

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Option Agreement as of the date first above written.

**Party A:** **Beijing Yangguang Gudi Science Development Co., Ltd.**

By: /s/ Haoyong Yang  
Name: Haoyong Yang  
Title: Legal Representative

**Party B:** **58 Co., Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

**Party C:** **Beijing Shan Jing Ke Chuang Network Technology Co., Ltd.**

By: /s/ Yang Liu  
Name: Yang Liu  
Title: Legal Representative

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## Exclusive Option Agreement

This (this "Agreement") is executed by and among the following Parties as of the 6th day of August, 2015 in Beijing, the People's Republic of China ("China" or the "PRC"):

**Party A:** **Beijing Yangguang Gudi Science Development Co., Ltd.**, a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Room 1811, 18/F, Building No.2, #1 Shangdi 10th Avenue, Haidian District, Beijing, PRC;

**Party B:** **Yang Liu**, a citizen of China with Chinese Identification No.: \_\_\_\_\_ ; and

**Party C:** **Beijing Shan Jing Ke Chuang Network Technology Co., Ltd.**, a limited liability company organized and existing under the laws of the PRC, with its address at No.6, Anfu Road, Houshayu Town, Shunyi District, Beijing, PRC.

In this Agreement, each of Party A, Party B and Party C shall be referred to as a "Party" respectively, and they shall be collectively referred to as the "Parties".

Whereas:

1. Party B is a shareholder of Party C and as of the date hereof holds 30.69% of equity interests of Party C, representing RMB11,880,000 in the registered capital of Party C.
2. Party A and Party B executed a Loan Agreement ("Loan Agreement") on August 6, 2015, according to which Party A confirmed that it provided to Party B a loan in amount of RMB11,880,000, to be used for the purpose of subscribing the registered capital of Party C.

Now therefore, upon mutual discussion and negotiation, the Parties have reached the following agreement:

**1. Sale and Purchase of Equity Interest**

1.1 Option Granted

In consideration of the payment of RMB10 by Party A, the receipt and adequacy of which is hereby acknowledged by Party B, Party B hereby irrevocably grants Party A an irrevocable and exclusive right to purchase, or designate one or more persons (each, a "Designee") to purchase the equity interests in Party C then held by Party B once or at multiple times at any time in part or in whole at Party A's sole and absolute discretion to the extent permitted by Chinese laws and at the price described in Section 1.3 herein (such right being the "Equity Interest Purchase Option"). Except for Party A and the Designee(s), no other person shall be entitled to the Equity Interest Purchase Option or other rights with respect to the equity interests of Party B. Party C hereby agrees to the grant by Party B of the Equity Interest Purchase Option to Party A. The term "person" as used herein shall refer to individuals, corporations, partnerships, partners, enterprises, trusts or non-corporate organizations.

1.2 Steps for Exercise of Equity Interest Purchase Option

Subject to the provisions of the laws and regulations of China, Party A may exercise the Equity Interest Purchase Option by issuing a written notice to Party B (the "Equity Interest Purchase Option Notice"), specifying: (a) Party A's or the Designee's decision to exercise the Equity Interest Purchase Option; (b) the portion of equity interests to be purchased by Party A or the Designee from Party B (the "Optioned Interests"); and (c) the date for purchasing the Optioned Interests and/or the date for transfer of the Optioned Interests.

1.3 Equity Interest Purchase Price

The purchase price of all equity interests held by Party B in Party C purchased by Party A by exercising the Equity Interest Purchase Option shall be RMB11,880,000; if Party A exercises the Equity Interest Purchase Option to purchase part of the equity interests held by Party B in Party C, the purchase price shall be calculated pro rata. If PRC law requires a minimum price higher than aforementioned price when Party A exercises Equity Interest Purchase Option, the minimum price regulated by PRC law shall be the purchase price (collectively, the "Equity Interest Purchase Price").

1.4 Transfer of Optioned Interests

For each exercise of the Equity Interest Purchase Option:

- 1.4.1 Party B shall cause Party C to promptly convene a shareholders' meeting, at which a resolution shall be adopted approving Party B's transfer of the Optioned Interests to Party A and/or the Designee(s);
- 1.4.2 Party B shall obtain written statements from the other shareholders of Party B giving consent to the transfer of the equity interest to Party A and/or the Designee(s) and waiving any right of first refusal related thereto.
- 1.4.3 Party B shall execute an equity interest transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Equity Interest Purchase Option Notice regarding the Optioned Interests;

1.4.4 The relevant Parties shall execute all other necessary contracts, agreements or documents, obtain all necessary government licenses and permits and take all necessary actions to transfer valid ownership of the Optioned Interests to Party A and/or the Designee(s), unencumbered by any security interests, and cause Party A and/or the Designee(s) to become the registered owner (s) of the Optioned Interests. For the purpose of this Section and this Agreement, "security interests" shall include securities, mortgages, third party's rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement, Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney. "Party B's Equity Interest Pledge Agreement" as used in this Agreement shall refer to the Equity Interest Pledge Agreement executed by and among Party A, Party B and Party C on the date hereof and any modification, amendment and restatement thereto. "Party B's Power of Attorney" as used in this Agreement shall refer to the Power of Attorney executed by Party B on the date hereof granting Party A with power of attorney and any modification, amendment and restatement thereto.

1.5 Payment

The Parties have agreed in the Loan Agreement that any proceeds obtained by Party B through the transfer of its equity interests in Party C shall be used for repayment of the loan provided by Party A in accordance with the Loan Agreement. Accordingly, upon exercise of the Equity Interest Purchase Option, Party A may elect to make payment of the Equity Interest Purchase Price through cancellation of the outstanding amount of the loan owed by Party B to Party A, in which case Party A shall not be required to pay any additional Equity Interest Purchase Price to Party B, unless the Total Equity Interest Purchase Price set forth herein is required to be adjusted in accordance with applicable laws and regulations.

2. **Covenants**

2.1 **Covenants regarding Party C**

Party B (as the shareholders of Party C) and Party C hereby covenant as follows:

- 2.1.1 Without the prior written consent of Party A, they shall not in any manner supplement, change or amend the articles of association and bylaws of Party C, increase or decrease its registered capital, or change its structure of registered capital in other manners;
- 2.1.2 They shall maintain Party C's corporate existence in accordance with good financial and business standards, obtain and maintain all necessary government licenses and permits and practice by prudently and effectively operating its business and handling its affairs;
- 2.1.3 Without the prior written consent of Party A, they shall not at any time following the date hereof, sell, transfer, mortgage or dispose of in any manner any assets of Party C or legal or beneficial interest in the business or revenues of Party C, or allow the encumbrance thereon of any security interest;
- 2.1.4 Without the prior written consent of Party A, they shall not incur, inherit, guarantee or suffer the existence of any debt, except for (i) debts incurred in the ordinary course of business other than through loans; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained;

- 2.1.5 They shall always operate all of Party C's businesses during the ordinary course of business to maintain the asset value of Party C and refrain from any action/omission that may affect Party C's operating status and asset value;
- 2.1.6 Without the prior written consent of Party A, they shall not cause Party C to execute any major contract, except the contracts in the ordinary course of business (for purpose of this subsection, a contract with a price exceeding RMB500,000 shall be deemed a major contract);
- 2.1.7 Without the prior written consent of Party A, they shall not cause Party C to provide any person with any loan or credit;
- 2.1.8 They shall provide Party A with information on Party C's business operations and financial condition at Party A's request;
- 2.1.9 If requested by Party A, they shall procure and maintain insurance in respect of Party C's assets and business from an insurance carrier acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses;
- 2.1.10 Without the prior written consent of Party A, they shall not cause or permit Party C to merge, consolidate with, acquire or invest in any person;
- 2.1.11 They shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Party C's assets, business or revenue;

- 2.1.12 To maintain the ownership by Party C of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;
- 2.1.13 Without the prior written consent of Party A, they shall ensure that Party C shall not in any manner distribute dividends to its shareholders, provided that upon Party A's written request, Party C shall immediately distribute all distributable profits to its shareholders; and
- 2.1.14 At the request of Party A, they shall appoint any persons designated by Party A as the director(s) of Party C.
- 2.1.15 Without Party A's prior written consent, they shall not engage in any business in competition with Party A or its affiliates.
- 2.1.16 Unless otherwise required by PRC law, Party C shall not be dissolved or liquidated without prior written consent by Party A.

2.2 Covenants of Party B

Party B hereby covenants as follows:

- 2.2.1 Without the prior written consent of Party A, Party B shall not sell, transfer, mortgage or dispose of in any other manner any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney;

- 2.2.2 Party B shall cause the shareholders' meeting and/or the director(s) of Party C not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, without the prior written consent of Party A, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney;
- 2.2.3 Party B shall cause the shareholders' meeting or the director(s) of Party C not to approve the merger or consolidation with any person, or the acquisition of or investment in any person, without the prior written consent of Party A;
- 2.2.4 Party B shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the equity interests in Party C held by Party B;
- 2.2.5 Party B shall cause the shareholders' meeting or the director(s) of Party C to vote their approval of the transfer of the Optioned Interests as set forth in this Agreement and to take any and all other actions that may be requested by Party A;
- 2.2.6 To the extent necessary to maintain Party B's ownership in Party C, Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;
- 2.2.7 Party B shall appoint any designee of Party A as the director(s) of Party C, at the request of Party A;

- 2.2.8 Party B hereby waives its right of first of refusal to transfer of equity interest by the other existing shareholders of Party C to Party A (if any); and
- 2.2.9 Party B shall promptly donate any profit, interest, dividend or proceeds of liquidation to Party A or any other person designated by Party A to the extent permitted under applicable PRC laws.
- 2.2.10 Party B shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by and among Party B, Party C and Party A, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. To the extent that Party B has any remaining rights with respect to the equity interests subject to this Agreement hereunder or under the Equity Interest Pledge Agreement among the same parties hereto or under the Power of Attorney granted in favor of Party A, Party B shall not exercise such rights except in accordance with the written instructions of Party A.

**3. Representations and Warranties**

Party B and Party C hereby represent and warrant to Party A, jointly and severally, as of the date of this Agreement and each date of transfer of the Optioned Interests, that:

- 3.1 They have the authority to execute and deliver this Agreement and any equity interest transfer contracts to which they are parties concerning the Optioned Interests to be transferred thereunder (each, a "Transfer Contracts"), and to perform their obligations under this Agreement and any Transfer Contracts. Party B and Party C agree to enter into Transfer Contracts consistent with the terms of this Agreement upon Party A's exercise of the Equity Interest Purchase Option. This Agreement and the Transfer Contracts to which they are parties constitute or will constitute their legal, valid and binding obligations and shall be enforceable against them in accordance with the provisions thereof;

- 3.2 Party B and Party C have obtained any and all approvals and consents from government authorities and third parties (if required) for execution, delivery and performance of this Agreement.
- 3.3 The execution and delivery of this Agreement or any Transfer Contracts and the obligations under this Agreement or any Transfer Contracts shall not: (i) cause any violation of any applicable laws of China; (ii) be inconsistent with the articles of association, bylaws or other organizational documents of Party C; (iii) cause the violation of any contracts or instruments to which they are a party or which are binding on them, or constitute any breach under any contracts or instruments to which they are a party or which are binding on them; (iv) cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them;
- 3.4 Party B has a good and merchantable title to the equity interests in Party C he holds. Except for Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney, Party B has not placed any security interest on such equity interests;
- 3.5 Party C has a good and merchantable title to all of its assets, and has not placed any security interest on the aforementioned assets;

- 3.6 Party C does not have any outstanding debts, except for (i) debt incurred in the ordinary course of business; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained.
- 3.7 Party C has complied with all laws and regulations of China applicable to asset acquisitions; and
- 3.8 There are no pending or threatened litigation, arbitration or administrative proceedings relating to the equity interests in Party C, assets of Party C or Party C.

**4. Effective Date**

This Agreement shall become effective upon execution by the Parties, and remain effective until all equity interests held by Party B in Party C have been transferred or assigned to Party A and/or any other person designated by Party A in accordance with this Agreement.

**5. Governing Law and Resolution of Disputes**

5.1 Governing law

The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of PRC.

5.2 Methods of Resolution of Disputes

In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its Arbitration Rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.

**6. Taxes and Fees**

Each Party shall pay any and all transfer and registration tax, expenses and fees incurred thereby or levied thereon in accordance with the laws of China in connection with the preparation and execution of this Agreement and the Transfer Contracts, as well as the consummation of the transactions contemplated under this Agreement and the Transfer Contracts.

**7. Notices**

7.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

7.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of receipt or refusal at the address specified for notices.

7.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

7.2 For the purpose of notices, the addresses of the Parties are as follows:

**Party A: Beijing Yanguang Gudi Science Development Co., Ltd.**  
Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

**Party B: Yang Liu**  
Address:  
Phone:  
Facsimile:

**Party C: Beijing Shan Jing Ke Chuang Network Technology Co., Ltd.**  
Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

7.3 Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

**8. Confidentiality**

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, investors, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, investors, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the staff members or agencies hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

**9. Further Warranties**

The Parties agree to promptly execute documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement.

**10. Breach of Agreement**

- 10.1 If Party B or Party C conducts any material breach of any term of this Agreement, Party A shall have right to terminate this Agreement and require the Party B or Party C to compensate all damages; this Section 10 shall not prejudice any other rights of Party A herein;
- 10.2 If Party A conducts any breach of any term of this Agreement, Party B or Party C shall not terminate this Agreement in any event unless otherwise required by applicable laws.

**11. Miscellaneous**

11.1 Amendment, change and supplement

Any amendment, change and supplement to this Agreement shall require the execution of a written agreement by all of the Parties.

11.2 Entire agreement

Except for the amendments, supplements or changes in writing executed after the execution of this Agreement, this Agreement shall constitute the entire agreement reached by and among the Parties hereto with respect to the subject matter hereof, and shall supercede all prior oral and written consultations, representations and contracts reached with respect to the subject matter of this Agreement.

11.3 Headings

The headings of this Agreement are for convenience only, and shall not be used to interpret, explain or otherwise affect the meanings of the provisions of this Agreement.

11.4 Language

This Agreement is written in both Chinese and English language in three copies, each Party having one copy with equal legal validity; in case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

11.5 Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

11.6 Successors

This Agreement shall be binding on and shall inure to the interest of the respective successors of the Parties and the permitted assigns of such Parties.

11.7 Survival

11.7.1 Any obligations that occur or that are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof.

11.7.2 The provisions of Sections 5, 8, 10 and this Section 11.7 shall survive the termination of this Agreement.

11.8 Waivers

Any Party may waive the terms and conditions of this Agreement, provided that such a waiver must be provided in writing and shall require the signatures of the Parties. No waiver by any Party in certain circumstances with respect to a breach by other Parties shall operate as a waiver by such a Party with respect to any similar breach in other circumstances.

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Option Agreement as of the date first above written.

**Party A:** **Beijing Yangguang Gudi Science Development Co., Ltd.**

By: /s/ Haoyong Yang  
Name: Haoyong Yang  
Title: Legal Representative

**Party B:** **Yang Liu**

By: /s/ Yang Liu

**Party C:** **Beijing Shan Jing Ke Chuang Network Technology Co., Ltd.**

By: /s/ Yang Liu  
Name: Yang Liu  
Title: Legal Representative

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## Exclusive Option Agreement

This (this "Agreement") is executed by and among the following Parties as of the 6th day of August, 2015 in Beijing, the People's Republic of China ("China" or the "PRC"):

**Party A:** **Beijing Yangguang Gudi Science Development Co., Ltd.**, a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Room 1811, 18/F, Building No.2, #1 Shangdi 10th Avenue, Haidian District, Beijing, PRC;

**Party B:** **Chunyan Guo**, a citizen of China with Chinese Identification No.: ; and

**Party C:** **Beijing Shan Jing Ke Chuang Network Technology Co., Ltd.**, a limited liability company organized and existing under the laws of the PRC, with its address at No.6, Anfu Road, Houshayu Town, Shunyi District, Beijing, PRC.

In this Agreement, each of Party A, Party B and Party C shall be referred to as a "Party" respectively, and they shall be collectively referred to as the "Parties".

Whereas:

1. Party B is a shareholder of Party C and as of the date hereof holds 20.00% of equity interests of Party C, representing RMB7,741,935 in the registered capital of Party C.
2. Party A and Party B executed a Loan Agreement ("Loan Agreement") on August 6, 2015, according to which Party A confirmed that it provided to Party B a loan in amount of RMB7,741,935, to be used for the purpose of subscribing the registered capital of Party C.

Now therefore, upon mutual discussion and negotiation, the Parties have reached the following agreement:

**1. Sale and Purchase of Equity Interest**

1.1 Option Granted

In consideration of the payment of RMB10 by Party A, the receipt and adequacy of which is hereby acknowledged by Party B, Party B hereby irrevocably grants Party A an irrevocable and exclusive right to purchase, or designate one or more persons (each, a "Designee") to purchase the equity interests in Party C then held by Party B once or at multiple times at any time in part or in whole at Party A's sole and absolute discretion to the extent permitted by Chinese laws and at the price described in Section 1.3 herein (such right being the "Equity Interest Purchase Option"). Except for Party A and the Designee(s), no other person shall be entitled to the Equity Interest Purchase Option or other rights with respect to the equity interests of Party B. Party C hereby agrees to the grant by Party B of the Equity Interest Purchase Option to Party A. The term "person" as used herein shall refer to individuals, corporations, partnerships, partners, enterprises, trusts or non-corporate organizations.

1.2 Steps for Exercise of Equity Interest Purchase Option

Subject to the provisions of the laws and regulations of China, Party A may exercise the Equity Interest Purchase Option by issuing a written notice to Party B (the "Equity Interest Purchase Option Notice"), specifying: (a) Party A's or the Designee's decision to exercise the Equity Interest Purchase Option; (b) the portion of equity interests to be purchased by Party A or the Designee from Party B (the "Optioned Interests"); and (c) the date for purchasing the Optioned Interests and/or the date for transfer of the Optioned Interests.

1.3 Equity Interest Purchase Price

The purchase price of all equity interests held by Party B in Party C purchased by Party A by exercising the Equity Interest Purchase Option shall be RMB7,741,935; if Party A exercises the Equity Interest Purchase Option to purchase part of the equity interests held by Party B in Party C, the purchase price shall be calculated pro rata. If PRC law requires a minimum price higher than aforementioned price when Party A exercises Equity Interest Purchase Option, the minimum price regulated by PRC law shall be the purchase price (collectively, the "Equity Interest Purchase Price").

1.4 Transfer of Optioned Interests

For each exercise of the Equity Interest Purchase Option:

- 1.4.1 Party B shall cause Party C to promptly convene a shareholders' meeting, at which a resolution shall be adopted approving Party B's transfer of the Optioned Interests to Party A and/or the Designee(s);
- 1.4.2 Party B shall obtain written statements from the other shareholders of Party B giving consent to the transfer of the equity interest to Party A and/or the Designee(s) and waiving any right of first refusal related thereto.
- 1.4.3 Party B shall execute an equity interest transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Equity Interest Purchase Option Notice regarding the Optioned Interests;

1.4.4 The relevant Parties shall execute all other necessary contracts, agreements or documents, obtain all necessary government licenses and permits and take all necessary actions to transfer valid ownership of the Optioned Interests to Party A and/or the Designee(s), unencumbered by any security interests, and cause Party A and/or the Designee(s) to become the registered owner(s) of the Optioned Interests. For the purpose of this Section and this Agreement, "security interests" shall include securities, mortgages, third party's rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement, Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney. "Party B's Equity Interest Pledge Agreement" as used in this Agreement shall refer to the Equity Interest Pledge Agreement executed by and among Party A, Party B and Party C on the date hereof and any modification, amendment and restatement thereto. "Party B's Power of Attorney" as used in this Agreement shall refer to the Power of Attorney executed by Party B on the date hereof granting Party A with power of attorney and any modification, amendment and restatement thereto.

1.5 Payment

The Parties have agreed in the Loan Agreement that any proceeds obtained by Party B through the transfer of its equity interests in Party C shall be used for repayment of the loan provided by Party A in accordance with the Loan Agreement. Accordingly, upon exercise of the Equity Interest Purchase Option, Party A may elect to make payment of the Equity Interest Purchase Price through cancellation of the outstanding amount of the loan owed by Party B to Party A, in which case Party A shall not be required to pay any additional Equity Interest Purchase Price to Party B, unless the Total Equity Interest Purchase Price set forth herein is required to be adjusted in accordance with applicable laws and regulations.

## 2. Covenants

### 2.1 Covenants regarding Party C

Party B (as the shareholders of Party C) and Party C hereby covenant as follows:

- 2.1.1 Without the prior written consent of Party A, they shall not in any manner supplement, change or amend the articles of association and bylaws of Party C, increase or decrease its registered capital, or change its structure of registered capital in other manners;
- 2.1.2 They shall maintain Party C's corporate existence in accordance with good financial and business standards, obtain and maintain all necessary government licenses and permits and practice by prudently and effectively operating its business and handling its affairs;
- 2.1.3 Without the prior written consent of Party A, they shall not at any time following the date hereof, sell, transfer, mortgage or dispose of in any manner any assets of Party C or legal or beneficial interest in the business or revenues of Party C, or allow the encumbrance thereon of any security interest;
- 2.1.4 Without the prior written consent of Party A, they shall not incur, inherit, guarantee or suffer the existence of any debt, except for (i) debts incurred in the ordinary course of business other than through loans; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained;

- 2.1.5 They shall always operate all of Party C's businesses during the ordinary course of business to maintain the asset value of Party C and refrain from any action/omission that may affect Party C's operating status and asset value;
- 2.1.6 Without the prior written consent of Party A, they shall not cause Party C to execute any major contract, except the contracts in the ordinary course of business (for purpose of this subsection, a contract with a price exceeding RMB500,000 shall be deemed a major contract);
- 2.1.7 Without the prior written consent of Party A, they shall not cause Party C to provide any person with any loan or credit;
- 2.1.8 They shall provide Party A with information on Party C's business operations and financial condition at Party A's request;
- 2.1.9 If requested by Party A, they shall procure and maintain insurance in respect of Party C's assets and business from an insurance carrier acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses;
- 2.1.10 Without the prior written consent of Party A, they shall not cause or permit Party C to merge, consolidate with, acquire or invest in any person;
- 2.1.11 They shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Party C's assets, business or revenue;

- 2.1.12 To maintain the ownership by Party C of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;
- 2.1.13 Without the prior written consent of Party A, they shall ensure that Party C shall not in any manner distribute dividends to its shareholders, provided that upon Party A's written request, Party C shall immediately distribute all distributable profits to its shareholders; and
- 2.1.14 At the request of Party A, they shall appoint any persons designated by Party A as the director(s) of Party C.
- 2.1.15 Without Party A's prior written consent, they shall not engage in any business in competition with Party A or its affiliates.
- 2.1.16 Unless otherwise required by PRC law, Party C shall not be dissolved or liquidated without prior written consent by Party A.

## 2.2 Covenants of Party B

Party B hereby covenants as follows:

- 2.2.1 Without the prior written consent of Party A, Party B shall not sell, transfer, mortgage or dispose of in any other manner any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney;

- 2.2.2 Party B shall cause the shareholders' meeting and/or the director(s) of Party C not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, without the prior written consent of Party A, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney;
- 2.2.3 Party B shall cause the shareholders' meeting or the director(s) of Party C not to approve the merger or consolidation with any person, or the acquisition of or investment in any person, without the prior written consent of Party A;
- 2.2.4 Party B shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the equity interests in Party C held by Party B;
- 2.2.5 Party B shall cause the shareholders' meeting or the director(s) of Party C to vote their approval of the transfer of the Optioned Interests as set forth in this Agreement and to take any and all other actions that may be requested by Party A;
- 2.2.6 To the extent necessary to maintain Party B's ownership in Party C, Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;
- 2.2.7 Party B shall appoint any designee of Party A as the director(s) of Party C, at the request of Party A;

- 2.2.8 Party B hereby waives its right of first of refusal to transfer of equity interest by the other existing shareholders of Party C to Party A (if any); and
- 2.2.9 Party B shall promptly donate any profit, interest, dividend or proceeds of liquidation to Party A or any other person designated by Party A to the extent permitted under applicable PRC laws.
- 2.2.10 Party B shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by and among Party B, Party C and Party A, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. To the extent that Party B has any remaining rights with respect to the equity interests subject to this Agreement hereunder or under the Equity Interest Pledge Agreement among the same parties hereto or under the Power of Attorney granted in favor of Party A, Party B shall not exercise such rights except in accordance with the written instructions of Party A.

**3. Representations and Warranties**

Party B and Party C hereby represent and warrant to Party A, jointly and severally, as of the date of this Agreement and each date of transfer of the Optioned Interests, that:

- 3.1 They have the authority to execute and deliver this Agreement and any equity interest transfer contracts to which they are parties concerning the Optioned Interests to be transferred thereunder (each, a "Transfer Contracts"), and to perform their obligations under this Agreement and any Transfer Contracts. Party B and Party C agree to enter into Transfer Contracts consistent with the terms of this Agreement upon Party A's exercise of the Equity Interest Purchase Option. This Agreement and the Transfer Contracts to which they are parties constitute or will constitute their legal, valid and binding obligations and shall be enforceable against them in accordance with the provisions thereof;
- 3.2 Party B and Party C have obtained any and all approvals and consents from government authorities and third parties (if required) for execution, delivery and performance of this Agreement.
- 3.3 The execution and delivery of this Agreement or any Transfer Contracts and the obligations under this Agreement or any Transfer Contracts shall not: (i) cause any violation of any applicable laws of China; (ii) be inconsistent with the articles of association, bylaws or other organizational documents of Party C; (iii) cause the violation of any contracts or instruments to which they are a party or which are binding on them, or constitute any breach under any contracts or instruments to which they are a party or which are binding on them; (iv) cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them;
- 3.4 Party B has a good and merchantable title to the equity interests in Party C he holds. Except for Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney, Party B has not placed any security interest on such equity interests;
- 3.5 Party C has a good and merchantable title to all of its assets, and has not placed any security interest on the aforementioned assets;

- 3.6 Party C does not have any outstanding debts, except for (i) debt incurred in the ordinary course of business; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained.
- 3.7 Party C has complied with all laws and regulations of China applicable to asset acquisitions; and
- 3.8 There are no pending or threatened litigation, arbitration or administrative proceedings relating to the equity interests in Party C, assets of Party C or Party C.

**4. Effective Date**

This Agreement shall become effective upon execution by the Parties, and remain effective until all equity interests held by Party B in Party C have been transferred or assigned to Party A and/or any other person designated by Party A in accordance with this Agreement.

**5. Governing Law and Resolution of Disputes**

5.1 Governing law

The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of PRC.

5.2 Methods of Resolution of Disputes

In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its Arbitration Rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.

**6. Taxes and Fees**

Each Party shall pay any and all transfer and registration tax, expenses and fees incurred thereby or levied thereon in accordance with the laws of China in connection with the preparation and execution of this Agreement and the Transfer Contracts, as well as the consummation of the transactions contemplated under this Agreement and the Transfer Contracts.

**7. Notices**

7.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

7.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of receipt or refusal at the address specified for notices.

7.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

7.2 For the purpose of notices, the addresses of the Parties are as follows:

**Party A: Beijing Yangguang Gudi Science Development Co., Ltd.**

Address: Tower E, North America International Business Center,  
#Yi108, Beiyuan Road, Chaoyang District, Beijing

Attn: Jinbo Yao

Phone: +8610 64435588-8888

Facsimile: +8610-64459926

**Party B: Chunyan Guo**

Address: Tower E, North America International Business Center,  
#Yi108, Beiyuan Road, Chaoyang District, Beijing

Phone: +8610 64435588-8888

Facsimile: +8610-64459926

**Party C: Beijing Shan Jing Ke Chuang Network Technology Co., Ltd.**

Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing

Attn: Jinbo Yao

Phone: +8610 64435588-8888

Facsimile: +8610-64459926

7.3 Any Party may at any time change its address for notices by a notice delivered to the other Parties in accordance with the terms hereof.

**8. Confidentiality**

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, investors, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, investors, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the staff members or agencies hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

**9. Further Warranties**

The Parties agree to promptly execute documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement.

**10. Breach of Agreement**

- 10.1 If Party B or Party C conducts any material breach of any term of this Agreement, Party A shall have right to terminate this Agreement and require the Party B or Party C to compensate all damages; this Section 10 shall not prejudice any other rights of Party A herein;
- 10.2 If Party A conducts any breach of any term of this Agreement, Party B or Party C shall not terminate this Agreement in any event unless otherwise required by applicable laws.

**11. Miscellaneous**

11.1 Amendment, change and supplement

Any amendment, change and supplement to this Agreement shall require the execution of a written agreement by all of the Parties.

11.2 Entire agreement

Except for the amendments, supplements or changes in writing executed after the execution of this Agreement, this Agreement shall constitute the entire agreement reached by and among the Parties hereto with respect to the subject matter hereof, and shall supercede all prior oral and written consultations, representations and contracts reached with respect to the subject matter of this Agreement.

11.3 Headings

The headings of this Agreement are for convenience only, and shall not be used to interpret, explain or otherwise affect the meanings of the provisions of this Agreement.

11.4 Language

This Agreement is written in both Chinese and English language in three copies, each Party having one copy with equal legal validity; in case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

11.5 Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

11.6 Successors

This Agreement shall be binding on and shall inure to the interest of the respective successors of the Parties and the permitted assigns of such Parties.

11.7 Survival

11.7.1 Any obligations that occur or that are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof.

11.7.2 The provisions of Sections 5, 8, 10 and this Section 11.7 shall survive the termination of this Agreement.

11.8 Waivers

Any Party may waive the terms and conditions of this Agreement, provided that such a waiver must be provided in writing and shall require the signatures of the Parties. No waiver by any Party in certain circumstances with respect to a breach by other Parties shall operate as a waiver by such a Party with respect to any similar breach in other circumstances.

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Option Agreement as of the date first above written.

**Party A: Beijing Yangguang Gudi Science Development Co., Ltd.**

By: /s/ Haoyong Yang  
Name: Haoyong Yang  
Title: Legal Representative

**Party B: Chunyan Guo**

By: /s/ Chunyan Guo

**Party C: Beijing Shan Jing Ke Chuang Network Technology Co., Ltd.**

By: /s/ Yang Liu  
Name: Yang Liu  
Title: Legal Representative

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## Exclusive Option Agreement

This (this "Agreement") is executed by and among the following Parties as of the 6th day of August, 2015 in Beijing, the People's Republic of China ("China" or the "PRC"):

**Party A:** **Beijing Yangguang Gudi Science Development Co., Ltd.**, a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Room 1811, 18/F, Building No.2, #1 Shangdi 10th Avenue, Haidian District, Beijing, PRC;

**Party B:** **Haoyong Yang**, a citizen of China with Chinese Identification No.: \_\_\_\_\_; and

**Party C:** **Beijing Shan Jing Ke Chuang Network Technology Co., Ltd.**, a limited liability company organized and existing under the laws of the PRC, with its address at No.6, Anfu Road, Houshayu Town, Shunyi District, Beijing, PRC.

In this Agreement, each of Party A, Party B and Party C shall be referred to as a "Party" respectively, and they shall be collectively referred to as the "Parties".

Whereas:

1. Party B is a shareholder of Party C and as of the date hereof holds 0.31% of equity interests of Party C, representing RMB120,000 in the registered capital of Party C.
2. Party A and Party B executed a Loan Agreement ("Loan Agreement") on August 6, 2015, according to which Party A confirmed that it provided to Party B a loan in amount of RMB 120,000, to be used for the purpose of subscribing the registered capital of Party C.

Now therefore, upon mutual discussion and negotiation, the Parties have reached the following agreement:

**1. Sale and Purchase of Equity Interest**

**1.1 Option Granted**

In consideration of the payment of RMB10 by Party A, the receipt and adequacy of which is hereby acknowledged by Party B, Party B hereby irrevocably grants Party A an irrevocable and exclusive right to purchase, or designate one or more persons (each, a "Designee") to purchase the equity interests in Party C then held by Party B once or at multiple times at any time in part or in whole at Party A's sole and absolute discretion to the extent permitted by Chinese laws and at the price described in Section 1.3 herein (such right being the "Equity Interest Purchase Option"). Except for Party A and the Designee(s), no other person shall be entitled to the Equity Interest Purchase Option or other rights with respect to the equity interests of Party B. Party C hereby agrees to the grant by Party B of the Equity Interest Purchase Option to Party A. The term "person" as used herein shall refer to individuals, corporations, partnerships, partners, enterprises, trusts or non-corporate organizations.

**1.2 Steps for Exercise of Equity Interest Purchase Option**

Subject to the provisions of the laws and regulations of China, Party A may exercise the Equity Interest Purchase Option by issuing a written notice to Party B (the "Equity Interest Purchase Option Notice"), specifying: (a) Party A's or the Designee's decision to exercise the Equity Interest Purchase Option; (b) the portion of equity interests to be purchased by Party A or the Designee from Party B (the "Optioned Interests"); and (c) the date for purchasing the Optioned Interests and/or the date for transfer of the Optioned Interests.

1.3 Equity Interest Purchase Price

The purchase price of all equity interests held by Party B in Party C purchased by Party A by exercising the Equity Interest Purchase Option shall be RMB120,000; if Party A exercises the Equity Interest Purchase Option to purchase part of the equity interests held by Party B in Party C, the purchase price shall be calculated pro rata. If PRC law requires a minimum price higher than aforementioned price when Party A exercises Equity Interest Purchase Option, the minimum price regulated by PRC law shall be the purchase price (collectively, the "Equity Interest Purchase Price").

1.4 Transfer of Optioned Interests

For each exercise of the Equity Interest Purchase Option:

- 1.4.1 Party B shall cause Party C to promptly convene a shareholders' meeting, at which a resolution shall be adopted approving Party B's transfer of the Optioned Interests to Party A and/or the Designee(s);
- 1.4.2 Party B shall obtain written statements from the other shareholders of Party B giving consent to the transfer of the equity interest to Party A and/or the Designee(s) and waiving any right of first refusal related thereto.
- 1.4.3 Party B shall execute an equity interest transfer contract with respect to each transfer with Party A and/or each Designee (whichever is applicable), in accordance with the provisions of this Agreement and the Equity Interest Purchase Option Notice regarding the Optioned Interests;

1.4.4 The relevant Parties shall execute all other necessary contracts, agreements or documents, obtain all necessary government licenses and permits and take all necessary actions to transfer valid ownership of the Optioned Interests to Party A and/or the Designee(s), unencumbered by any security interests, and cause Party A and/or the Designee(s) to become the registered owner(s) of the Optioned Interests. For the purpose of this Section and this Agreement, "security interests" shall include securities, mortgages, third party's rights or interests, any stock options, acquisition right, right of first refusal, right to offset, ownership retention or other security arrangements, but shall be deemed to exclude any security interest created by this Agreement, Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney. "Party B's Equity Interest Pledge Agreement" as used in this Agreement shall refer to the Equity Interest Pledge Agreement executed by and among Party A, Party B and Party C on the date hereof and any modification, amendment and restatement thereto. "Party B's Power of Attorney" as used in this Agreement shall refer to the Power of Attorney executed by Party B on the date hereof granting Party A with power of attorney and any modification, amendment and restatement thereto.

1.5 Payment

The Parties have agreed in the Loan Agreement that any proceeds obtained by Party B through the transfer of its equity interests in Party C shall be used for repayment of the loan provided by Party A in accordance with the Loan Agreement. Accordingly, upon exercise of the Equity Interest Purchase Option, Party A may elect to make payment of the Equity Interest Purchase Price through cancellation of the outstanding amount of the loan owed by Party B to Party A, in which case Party A shall not be required to pay any additional Equity Interest Purchase Price to Party B, unless the Total Equity Interest Purchase Price set forth herein is required to be adjusted in accordance with applicable laws and regulations.

## 2. Covenants

### 2.1 Covenants regarding Party C

Party B (as the shareholders of Party C) and Party C hereby covenant as follows:

- 2.1.1 Without the prior written consent of Party A, they shall not in any manner supplement, change or amend the articles of association and bylaws of Party C, increase or decrease its registered capital, or change its structure of registered capital in other manners;
- 2.1.2 They shall maintain Party C's corporate existence in accordance with good financial and business standards, obtain and maintain all necessary government licenses and permits and practice by prudently and effectively operating its business and handling its affairs;
- 2.1.3 Without the prior written consent of Party A, they shall not at any time following the date hereof, sell, transfer, mortgage or dispose of in any manner any assets of Party C or legal or beneficial interest in the business or revenues of Party C, or allow the encumbrance thereon of any security interest;
- 2.1.4 Without the prior written consent of Party A, they shall not incur, inherit, guarantee or suffer the existence of any debt, except for (i) debts incurred in the ordinary course of business other than through loans; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained;

- 2.1.5 They shall always operate all of Party C's businesses during the ordinary course of business to maintain the asset value of Party C and refrain from any action/omission that may affect Party C's operating status and asset value;
- 2.1.6 Without the prior written consent of Party A, they shall not cause Party C to execute any major contract, except the contracts in the ordinary course of business (for purpose of this subsection, a contract with a price exceeding RMB500,000 shall be deemed a major contract);
- 2.1.7 Without the prior written consent of Party A, they shall not cause Party C to provide any person with any loan or credit;
- 2.1.8 They shall provide Party A with information on Party C's business operations and financial condition at Party A's request;
- 2.1.9 If requested by Party A, they shall procure and maintain insurance in respect of Party C's assets and business from an insurance carrier acceptable to Party A, at an amount and type of coverage typical for companies that operate similar businesses;
- 2.1.10 Without the prior written consent of Party A, they shall not cause or permit Party C to merge, consolidate with, acquire or invest in any person;
- 2.1.11 They shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Party C's assets, business or revenue;

- 2.1.12 To maintain the ownership by Party C of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;
- 2.1.13 Without the prior written consent of Party A, they shall ensure that Party C shall not in any manner distribute dividends to its shareholders, provided that upon Party A's written request, Party C shall immediately distribute all distributable profits to its shareholders; and
- 2.1.14 At the request of Party A, they shall appoint any persons designated by Party A as the director(s) of Party C.
- 2.1.15 Without Party A's prior written consent, they shall not engage in any business in competition with Party A or its affiliates.
- 2.1.16 Unless otherwise required by PRC law, Party C shall not be dissolved or liquidated without prior written consent by Party A.

2.2 Covenants of Party B

Party B hereby covenants as follows:

- 2.2.1 Without the prior written consent of Party A, Party B shall not sell, transfer, mortgage or dispose of in any other manner any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney;

- 2.2.2 Party B shall cause the shareholders' meeting and/or the director(s) of Party C not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in the equity interests in Party C held by Party B, or allow the encumbrance thereon of any security interest, without the prior written consent of Party A, except for the interest placed in accordance with Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney;
- 2.2.3 Party B shall cause the shareholders' meeting or the director(s) of Party C not to approve the merger or consolidation with any person, or the acquisition of or investment in any person, without the prior written consent of Party A;
- 2.2.4 Party B shall immediately notify Party A of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the equity interests in Party C held by Party B;
- 2.2.5 Party B shall cause the shareholders' meeting or the director(s) of Party C to vote their approval of the transfer of the Optioned Interests as set forth in this Agreement and to take any and all other actions that may be requested by Party A;
- 2.2.6 To the extent necessary to maintain Party B's ownership in Party C, Party B shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;
- 2.2.7 Party B shall appoint any designee of Party A as the director(s) of Party C, at the request of Party A;

- 2.2.8 Party B hereby waives its right of first of refusal to transfer of equity interest by the other existing shareholders of Party C to Party A (if any); and
- 2.2.9 Party B shall promptly donate any profit, interest, dividend or proceeds of liquidation to Party A or any other person designated by Party A to the extent permitted under applicable PRC laws.
- 2.2.10 Party B shall strictly abide by the provisions of this Agreement and other contracts jointly or separately executed by and among Party B, Party C and Party A, perform the obligations hereunder and thereunder, and refrain from any action/omission that may affect the effectiveness and enforceability thereof. To the extent that Party B has any remaining rights with respect to the equity interests subject to this Agreement hereunder or under the Equity Interest Pledge Agreement among the same parties hereto or under the Power of Attorney granted in favor of Party A, Party B shall not exercise such rights except in accordance with the written instructions of Party A.

**3. Representations and Warranties**

Party B and Party C hereby represent and warrant to Party A, jointly and severally, as of the date of this Agreement and each date of transfer of the Optioned Interests, that:

- 3.1 They have the authority to execute and deliver this Agreement and any equity interest transfer contracts to which they are parties concerning the Optioned Interests to be transferred thereunder (each, a "Transfer Contracts"), and to perform their obligations under this Agreement and any Transfer Contracts. Party B and Party C agree to enter into Transfer Contracts consistent with the terms of this Agreement upon Party A's exercise of the Equity Interest Purchase Option. This Agreement and the Transfer Contracts to which they are parties constitute or will constitute their legal, valid and binding obligations and shall be enforceable against them in accordance with the provisions thereof;
- 3.2 Party B and Party C have obtained any and all approvals and consents from government authorities and third parties (if required) for execution, delivery and performance of this Agreement.
- 3.3 The execution and delivery of this Agreement or any Transfer Contracts and the obligations under this Agreement or any Transfer Contracts shall not: (i) cause any violation of any applicable laws of China; (ii) be inconsistent with the articles of association, bylaws or other organizational documents of Party C; (iii) cause the violation of any contracts or instruments to which they are a party or which are binding on them, or constitute any breach under any contracts or instruments to which they are a party or which are binding on them; (iv) cause any violation of any condition for the grant and/or continued effectiveness of any licenses or permits issued to either of them; or (v) cause the suspension or revocation of or imposition of additional conditions to any licenses or permits issued to either of them;
- 3.4 Party B has a good and merchantable title to the equity interests in Party C he holds. Except for Party B's Equity Interest Pledge Agreement and Party B's Power of Attorney, Party B has not placed any security interest on such equity interests;
- 3.5 Party C has a good and merchantable title to all of its assets, and has not placed any security interest on the aforementioned assets;

- 3.6 Party C does not have any outstanding debts, except for (i) debt incurred in the ordinary course of business; and (ii) debts disclosed to Party A for which Party A's written consent has been obtained.
- 3.7 Party C has complied with all laws and regulations of China applicable to asset acquisitions; and
- 3.8 There are no pending or threatened litigation, arbitration or administrative proceedings relating to the equity interests in Party C, assets of Party C or Party C.

**4. Effective Date**

This Agreement shall become effective upon execution by the Parties, and remain effective until all equity interests held by Party B in Party C have been transferred or assigned to Party A and/or any other person designated by Party A in accordance with this Agreement.

**5. Governing Law and Resolution of Disputes**

5.1 Governing law

The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes hereunder shall be governed by the laws of PRC.

5.2 Methods of Resolution of Disputes

In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Parties for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its Arbitration Rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.

## **6. Taxes and Fees**

Each Party shall pay any and all transfer and registration tax, expenses and fees incurred thereby or levied thereon in accordance with the laws of China in connection with the preparation and execution of this Agreement and the Transfer Contracts, as well as the consummation of the transactions contemplated under this Agreement and the Transfer Contracts.

## **7. Notices**

7.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

- 7.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of receipt or refusal at the address specified for notices.
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7.2 For the purpose of notices, the addresses of the Parties are as follows:

**Party A: Beijing Yangguang Gudi Science Development Co., Ltd.**

Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

**Party B: Haoyong Yang**

Address:  
Phone:  
Facsimile:

**Party C: Beijing Shan Jing Ke Chuang Network Technology Co., Ltd.**

Address: Tower E, North America International Business Center, #Yi108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
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The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, investors, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, investors, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the staff members or agencies hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

**9. Further Warranties**

The Parties agree to promptly execute documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement.

## **10. Breach of Agreement**

- 10.1 If Party B or Party C conducts any material breach of any term of this Agreement, Party A shall have right to terminate this Agreement and require the Party B or Party C to compensate all damages; this Section 10 shall not prejudice any other rights of Party A herein;
- 10.2 If Party A conducts any breach of any term of this Agreement, Party B or Party C shall not terminate this Agreement in any event unless otherwise required by applicable laws.

## **11. Miscellaneous**

### 11.1 Amendment, change and supplement

Any amendment, change and supplement to this Agreement shall require the execution of a written agreement by all of the Parties.

### 11.2 Entire agreement

Except for the amendments, supplements or changes in writing executed after the execution of this Agreement, this Agreement shall constitute the entire agreement reached by and among the Parties hereto with respect to the subject matter hereof, and shall supercede all prior oral and written consultations, representations and contracts reached with respect to the subject matter of this Agreement.

### 11.3 Headings

The headings of this Agreement are for convenience only, and shall not be used to interpret, explain or otherwise affect the meanings of the provisions of this Agreement.

11.4 Language

This Agreement is written in both Chinese and English language in three copies, each Party having one copy with equal legal validity; in case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

11.5 Severability

In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law and the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

11.6 Successors

This Agreement shall be binding on and shall inure to the interest of the respective successors of the Parties and the permitted assigns of such Parties.

11.7 Survival

11.7.1 Any obligations that occur or that are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof.

11.7.2 The provisions of Sections 5, 8, 10 and this Section 11.7 shall survive the termination of this Agreement.

11.8 Waivers

Any Party may waive the terms and conditions of this Agreement, provided that such a waiver must be provided in writing and shall require the signatures of the Parties. No waiver by any Party in certain circumstances with respect to a breach by other Parties shall operate as a waiver by such a Party with respect to any similar breach in other circumstances.

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Exclusive Option Agreement as of the date first above written.

**Party A: Beijing Yangguang Gudi Science Development Co., Ltd.**

By: /s/ Haoyong Yang  
Name: Haoyong Yang  
Title: Legal Representative

**Party B: Haoyong Yang**

By: /s/ Haoyong Yang

**Party C: Beijing Shan Jing Ke Chuang Network Technology Co., Ltd.**

By: /s/ Yang Liu  
Name: Yang Liu  
Title: Legal Representative

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**Power of Attorney**

We, 58 Co., Ltd., a limited liability company organized and existing under the laws of the PRC, and a holder of 49.00% of the entire registered capital in Beijing Shan Jing Ke Chuan Network Technology Co., Ltd. ("Domestic Company") as of the date when the Power of Attorney is executed, hereby irrevocably authorize Beijing Yangguang Gudi Science Development Co., Ltd. ("WFOE") to exercise the following rights relating to all equity interests held by us now and in the future ("Our Shareholding") during the term of this Power of Attorney:

WFOE is hereby authorized to act on our behalf as our exclusive agent and attorney with respect to all matters concerning Our Shareholding, including without limitation to: 1) attend shareholders' meetings of Domestic Company; 2) exercise all the shareholder's rights and shareholder's voting rights we are entitled to under the laws of China and Domestic Company's Articles of Association, including but not limited to the sale or transfer or pledge or disposition of Our Shareholding in part or in whole; and 3) designate and appoint on our behalf the legal representative, the directors, supervisors, the chief executive officer and other senior management members of Domestic Company.

Without limiting the generality of the powers granted hereunder, WFOE shall have the power and authority to, on our behalf, execute all the documents we shall sign as stipulated in Exclusive Option Agreement entered into by and among we, WFOE and Domestic Company on August 6, 2015 and the Equity Pledge Agreement entered into by and among we, WFOE and Domestic Company on August 6, 2015 (including any modification, amendment and restatement thereto, collectively the "Transaction Documents"), and perform the terms of the Transaction Documents.

All the actions associated with Our Shareholding conducted by WFOE shall be deemed as our own actions, and all the documents related to Our Shareholding executed by WFOE shall be deemed to be executed by me. We hereby acknowledge and ratify those actions and/or documents by WFOE.

WFOE is entitled to re-authorize or assign its rights related to the aforesaid matters to any other person or entity at its own discretion and without giving prior notice to us or obtaining our consent. If required by PRC laws, WFOE shall designate a PRC citizen to exercise the aforementioned rights.

This Power of Attorney is coupled with an interest and shall be irrevocable and continuously valid from the date of execution of this Power of Attorney, so long as we are a shareholder of Domestic Company.

During the term of this Power of Attorney, we hereby waive all the rights associated with Our Shareholding, which have been authorized to WFOE through this Power of Attorney, and shall not exercise such rights by myself.

This Power of Attorney is written in Chinese and English; in case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

**58 Co., Ltd.**

By:

/s/ Jinbo Yao

Name: Jinbo Yao

Title: Legal Representative

August 6, 2015

Accepted by:

**Beijing Yangguang Gudi Science Development Co., Ltd.**

By: /s/ Haoyong Yang

Name: Haoyong Yang

Title: Legal Representative

Acknowledged by:

**Beijing Shan Jing Ke Chuan Network Technology Co., Ltd.**

By: /s/ Yang Liu

Name: Yang Liu

Title: Legal Representative

## Power of Attorney

I, Yang Liu, a Chinese citizen with Chinese Identification Card No.: \_\_\_\_\_, and a holder of 30.69% of the entire registered capital in Beijing Shan Jing Ke Chuang Network Technology Co., Ltd. ("Shan Jing Ke Chuang") as of the date when the Power of Attorney is executed, hereby irrevocably authorize Beijing Yangguang Gudi Science Development Co., Ltd. ("WFOE") to exercise the following rights relating to all equity interests held by me now and in the future ("My Shareholding") during the term of this Power of Attorney:

WFOE is hereby authorized to act on behalf of myself as my exclusive agent and attorney with respect to all matters concerning My Shareholding, including without limitation to: 1) attend shareholders' meetings of Shan Jing Ke Chuang; 2) exercise all the shareholder's rights and shareholder's voting rights I am entitled to under the laws of China and Shan Jing Ke Chuang's Articles of Association, including but not limited to the sale or transfer or pledge or disposition of My Shareholding in part or in whole; and 3) designate and appoint on behalf of myself the legal representative, the directors, supervisors, the chief executive officer and other senior management members of Shan Jing Ke Chuang.

Without limiting the generality of the powers granted hereunder, WFOE shall have the power and authority to, on behalf of myself, execute all the documents I shall sign as stipulated in Exclusive Option Agreement entered into by and among I, WFOE and Shan Jing Ke Chuang on August 6, 2015 and the Equity Pledge Agreement entered into by and among I, WFOE and Shan Jing Ke Chuang on August 6, 2015 (including any modification, amendment and restatement thereto, collectively the "Transaction Documents"), and perform the terms of the Transaction Documents.

All the actions associated with My Shareholding conducted by WFOE shall be deemed as my own actions, and all the documents related to My Shareholding executed by WFOE shall be deemed to be executed by me. I hereby acknowledge and ratify those actions and/or documents by WFOE.

WFOE is entitled to re-authorize or assign its rights related to the aforesaid matters to any other person or entity at its own discretion and without giving prior notice to me or obtaining my consent. If required by PRC laws, WFOE shall designate a PRC citizen to exercise the aforementioned rights.

This Power of Attorney is coupled with an interest and shall be irrevocable and continuously valid from the date of execution of this Power of Attorney, so long as I am a shareholder of Shan Jing Ke Chuang.

During the term of this Power of Attorney, I hereby waive all the rights associated with My Shareholding, which have been authorized to WFOE through this Power of Attorney, and shall not exercise such rights by myself.

This Power of Attorney is written in Chinese and English; in case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

**Yang Liu**

By: /s/ Yang Liu  
August 6, 2015

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Accepted by:

**Beijing Yangguang Gudi Science Development Co., Ltd.**

By: /s/ Haoyong Yang  
Name: Haoyong Yang  
Title: Legal Representative

Acknowledged by:

**Beijing Shan Jing Ke Chuang Network Technology Co., Ltd.**

By: /s/ Yang Liu  
Name: Yang Liu  
Title: Legal Representative

## Power of Attorney

I, Chunyan Guo, a Chinese citizen with Chinese Identification Card No.: \_\_\_\_\_, and a holder of 20.00% of the entire registered capital in Beijing Shan Jing Ke Chuang Network Technology Co., Ltd. ("Shan Jing Ke Chuang") as of the date when the Power of Attorney is executed, hereby irrevocably authorize Beijing Yangguang Gudi Science Development Co., Ltd. ("WFOE") to exercise the following rights relating to all equity interests held by me now and in the future ("My Shareholding") during the term of this Power of Attorney:

WFOE is hereby authorized to act on behalf of myself as my exclusive agent and attorney with respect to all matters concerning My Shareholding, including without limitation to: 1) attend shareholders' meetings of Shan Jing Ke Chuang; 2) exercise all the shareholder's rights and shareholder's voting rights I am entitled to under the laws of China and Shan Jing Ke Chuang's Articles of Association, including but not limited to the sale or transfer or pledge or disposition of My Shareholding in part or in whole; and 3) designate and appoint on behalf of myself the legal representative, the directors, supervisors, the chief executive officer and other senior management members of Shan Jing Ke Chuang.

Without limiting the generality of the powers granted hereunder, WFOE shall have the power and authority to, on behalf of myself, execute all the documents I shall sign as stipulated in Exclusive Option Agreement entered into by and among I, WFOE and Shan Jing Ke Chuang on August 6, 2015 and the Equity Pledge Agreement entered into by and among I, WFOE and Shan Jing Ke Chuang on August 6, 2015 (including any modification, amendment and restatement thereto, collectively the "Transaction Documents"), and perform the terms of the Transaction Documents.

All the actions associated with My Shareholding conducted by WFOE shall be deemed as my own actions, and all the documents related to My Shareholding executed by WFOE shall be deemed to be executed by me. I hereby acknowledge and ratify those actions and/or documents by WFOE.

WFOE is entitled to re-authorize or assign its rights related to the aforesaid matters to any other person or entity at its own discretion and without giving prior notice to me or obtaining my consent. If required by PRC laws, WFOE shall designate a PRC citizen to exercise the aforementioned rights.

This Power of Attorney is coupled with an interest and shall be irrevocable and continuously valid from the date of execution of this Power of Attorney, so long as I am a shareholder of Shan Jing Ke Chuang.

During the term of this Power of Attorney, I hereby waive all the rights associated with My Shareholding, which have been authorized to WFOE through this Power of Attorney, and shall not exercise such rights by myself.

This Power of Attorney is written in Chinese and English; in case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

**Chunyan Guo**

By: /s/ Chunyan Guo  
August 6, 2015

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Accepted by:

**Beijing Yangguang Gudi Science Development Co., Ltd.**

By: /s/ Haoyong Yang  
Name: Haoyong Yang  
Title: Legal Representative

Acknowledged by:

**Beijing Shan Jing Ke Chuang Network Technology Co., Ltd.**

By: /s/ Yang Liu  
Name: Yang Liu  
Title: Legal Representative

## Power of Attorney

I, Haoyong Yang, a Chinese citizen with Chinese Identification Card No.: [ ], and a holder of 0.31% of the entire registered capital in Beijing Shan Jing Ke Chuang Network Technology Co., Ltd. ("Shan Jing Ke Chuang") as of the date when the Power of Attorney is executed, hereby irrevocably authorize Beijing Yangguang Gudi Science Development Co., Ltd. ("WFOE") to exercise the following rights relating to all equity interests held by me now and in the future ("My Shareholding") during the term of this Power of Attorney:

WFOE is hereby authorized to act on behalf of myself as my exclusive agent and attorney with respect to all matters concerning My Shareholding, including without limitation to: 1) attend shareholders' meetings of Shan Jing Ke Chuang; 2) exercise all the shareholder's rights and shareholder's voting rights I am entitled to under the laws of China and Shan Jing Ke Chuang's Articles of Association, including but not limited to the sale or transfer or pledge or disposition of My Shareholding in part or in whole; and 3) designate and appoint on behalf of myself the legal representative, the directors, supervisors, the chief executive officer and other senior management members of Shan Jing Ke Chuang.

Without limiting the generality of the powers granted hereunder, WFOE shall have the power and authority to, on behalf of myself, execute all the documents I shall sign as stipulated in Exclusive Option Agreement entered into by and among I, WFOE and Shan Jing Ke Chuang on August 6, 2015 and the Equity Pledge Agreement entered into by and among I, WFOE and Shan Jing Ke Chuang on August 6, 2015 (including any modification, amendment and restatement thereto, collectively the "Transaction Documents"), and perform the terms of the Transaction Documents.

All the actions associated with My Shareholding conducted by WFOE shall be deemed as my own actions, and all the documents related to My Shareholding executed by WFOE shall be deemed to be executed by me. I hereby acknowledge and ratify those actions and/or documents by WFOE.

WFOE is entitled to re-authorize or assign its rights related to the aforesaid matters to any other person or entity at its own discretion and without giving prior notice to me or obtaining my consent. If required by PRC laws, WFOE shall designate a PRC citizen to exercise the aforementioned rights.

This Power of Attorney is coupled with an interest and shall be irrevocable and continuously valid from the date of execution of this Power of Attorney, so long as I am a shareholder of Shan Jing Ke Chuang.

During the term of this Power of Attorney, I hereby waive all the rights associated with My Shareholding, which have been authorized to WFOE through this Power of Attorney, and shall not exercise such rights by myself.

This Power of Attorney is written in Chinese and English; in case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

**Haoyong Yang**

By: /s/ Haoyong Yang  
August 6, 2015

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Accepted by:

**Beijing Yangguang Gudi Science Development Co., Ltd.**

By: /s/ Haoyong Yang  
Name: Haoyong Yang  
Title: Legal Representative

Acknowledged by:

**Beijing Shan Jing Ke Chuang Network Technology Co., Ltd.**

By: /s/ Yang Liu  
Name: Yang Liu  
Title: Legal Representative

**Loan Agreement**

This Loan Agreement (this "Agreement") is made and entered into by and between the Parties below as of August 6, 2015 in Beijing, China:

- (1) **Beijing Yangguang Gudi Science Development Co., Ltd.** ("Lender"), a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Room 1811, 18/F, Building No.2, #1 Shangdi 10th Avenue, Haidian District, Beijing, PRC;
- (2) **58 Co., Ltd.**, a limited liability company organized and existing under the laws of the PRC, with its address at Room 210-03, Office Building, Nangang Industry Zone, Economic and Technological Development District, Tianjin, PRC..

Each of the Lender and the Borrower shall be hereinafter referred to as a "Party" respectively, and as the "Parties" collectively.

**Whereas:**

1. Borrower intends to invest an amount being RMB18,967,742 to subscribing for 49.00% of equity interests in Beijing Shan Jing Ke Chuang Network Technology Co., Ltd. ("Borrower Company"). All of the equity interest hereafter acquired by Borrower in Borrower Company shall be referred to as Borrower Equity Interest;
2. Lender confirms that it agrees to provide Borrower with a loan with a principal amount of RMB18,967,742 to be used for the purposes set forth under this Agreement.

After friendly consultation, the Parties agree as follows:

## 1. Loan

1.1 In accordance with the terms and conditions of this Agreement, Lender agrees to provide an interest-free loan in the amount of RMB18,967,742 (the "Loan") to Borrower. The term of the Loan shall be 10 years from the date of this Agreement, which may be extended upon mutual written consent of the Parties. During the term of the Loan or the extended term of the Loan, Borrower shall immediately repay the full amount of the Loan in the event any one or more of the following circumstances occur:

1.1.1 30 days elapse after Borrower receives a written notice from Lender requesting repayment of the Loan;

1.1.2 Borrower's death, lack or limitation of civil capacity;

1.1.3 Borrower ceases (for any reason) to be an employee of Lender, Borrower Company or their affiliates;

1.1.4 Borrower engages in criminal act or is involved in criminal activities;

1.1.5 Any third party filed a claim against Borrower that exceeds RMB500,000; or

1.1.6 According to the applicable laws of China, foreign investors are permitted to invest in the business of Borrower Company in China with a controlling stake or in the form of wholly-foreign-owned enterprises, the relevant competent authorities of China begin to approve such investments, and Lender exercises the exclusive option under the Exclusive Option Agreement (as defined below) described in this Agreement.

- 1.2 Lender agrees to remit the total amount of the Loan to the account designated by Borrower within 90 days after receiving a written notification from the Borrower regarding the same, provided that all the conditions precedent in Section 2 are fulfilled. Borrower shall provide Lender with a written receipt for the Loan upon receiving the Loan. The Loan provided by Lender under this Agreement shall inure to Borrower's benefit only and not to Borrower's successors or assigns.
- 1.3 Borrower agrees to accept the aforementioned Loan provided by Lender, and hereby agrees and warrants to use the Loan to provide registered capital to the Borrower Company, a domestic-funded limited liability company to be established in Beijing, China, carrying out value-added telecommunication services. Borrower therefore shall be Borrower Company's shareholder and shall own 49% of the equity interests in Borrower Company. Borrower agrees to complete the investment into Borrower Company in accordance with the articles of association and hold the Borrower Equity Interest within 60 days following the date of the receipt of the Loan and provide Lender, or any person designated by the Lender, with all of the duplicates of the registration documents at the government department for industry and commerce, the business licenses, and articles of association. Without Lender's prior written consent, Borrower shall not use the Loan for any purpose other than as set forth herein.
- 1.4 Lender and Borrower hereby agree and acknowledge that Borrower's method of repayment shall be at the sole discretion of Lender, and may at Lender's option take the form of Borrower's transferring the Borrower Equity Interest in whole to Lender or Lender's designated persons (legal or natural persons) pursuant to the Lender's exercise of its right to acquire the Borrower Equity Interest under the Exclusive Option Agreement.

- 1.5 Lender and Borrower hereby agree and acknowledge that any proceeds from the transfer of the Borrower Equity Interest (to the extent permissible) shall be used to repay the Loan to Lender, in accordance with this Agreement and in the manner designated by Lender.
- 1.6 Lender and Borrower hereby agree and acknowledge that to the extent permitted by applicable laws, Lender shall have the right but not the obligation to purchase or designate other persons (legal or natural persons) to purchase Borrower Equity Interest in part or in whole at any time, at the price stipulated in the Exclusive Option Agreement.
- 1.7 Borrower also undertakes to execute an irrevocable Power of Attorney (the "Power of Attorney"), which authorizes Lender or a legal or natural person designated by Lender to exercise all of Borrower's rights as a shareholder of Borrower Company.

## **2. Conditions Precedent**

The obligation of Lender to provide the Loan to Borrower contemplated in Section 1.1 shall be subject to the satisfaction of the following conditions, unless waived in writing by Lender.

- 2.1 Lender receives the written notification for drawdown under the Loan sent by Borrower according to Section 1.2.
- 2.2 All the representations and warranties by Borrower in Section 3.2 are true, complete, correct and not misleading.
- 2.3 Borrower has not violated the covenants in Section 4 of this Agreement, and no event which may affect Borrower's performance of its obligations under this Agreement has occurred or is expected to occur.

### **3. Representations and Warranties**

3.1 Between the date of this Agreement and the date of termination of this Agreement, Lender hereby makes the following representations and warranties to Borrower:

3.1.1 Lender is a corporation duly organized and legally existing in accordance with the laws of China;

3.1.2 Lender has the legal capacity to execute and perform this Agreement. The execution and performance by Lender of this Agreement is consistent with Lender's scope of business and the provisions of Lender's corporate bylaws and other organizational documents, and Lender has obtained all necessary and proper approvals and authorizations for the execution and performance of this Agreement; and

3.1.3 This Agreement constitutes Lender's legal, valid and binding obligations enforceable in accordance with its terms.

3.2 Between the date of this Agreement and the date of termination of this Agreement, Borrower hereby makes the following representations and warranties:

3.2.1 Borrower has the legal capacity to execute and perform this Agreement. Borrower has obtained all necessary and proper approvals and authorizations for the execution and performance of this Agreement;

3.2.2 This Agreement constitutes Borrower's legal, valid and binding obligations enforceable in accordance with its terms; and

3.2.3 There are no disputes, litigations, arbitrations, administrative proceedings or any other legal proceedings relating to Borrower, nor are there any potential disputes, litigations, arbitrations, administrative proceedings or any other legal proceedings relating to Borrower.

#### **4. Borrower's Covenants**

- 4.1 As and when he becomes, and for so long as he remains a shareholder of Borrower Company, Borrower covenants irrevocably that during the term of this Agreement, Borrower shall cause Borrower Company:
- 4.1.1 as soon as practicable after the date of this Agreement, to execute a Exclusive Option Agreement with Borrower and Lender, under which Borrower shall irrevocably grant Lender an exclusive option to purchase all of the Borrower Equity Interest (the "Exclusive Option Agreement"); to comply with certain Exclusive Technical Consulting and Services Agreement ("Exclusive Technical Consulting and Services Agreement") dated January 18, 2012 between the Borrower Company and Lender, as amended, under which Lender, as an exclusive service provider, agrees to provide Borrower Company with technical service and business consulting service;
  - 4.1.2 to strictly abide by the provisions of the Exclusive Option Agreement and the Exclusive Technical Consulting and Services Agreement, and to refrain from any action/omission that may affect the effectiveness and enforceability of the Exclusive Option Agreement and the Exclusive Technical Consulting and Services Agreement;

- 4.1.3 at the request of Lender (or a party designated by Lender), to execute contracts/agreements on business cooperation with Lender (or a party designated by Lender), and to strictly abide by such contracts/agreements;
  - 4.1.4 to provide Lender with all of the information on Borrower Company's business operations and financial condition at Lender's request;
  - 4.1.5 to immediately notify Lender of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Borrower Company's assets, business or income;
  - 4.1.6 at the request of Lender, to appoint any persons designated by Lender as directors of Borrower Company;
- 4.2 Borrower covenants that during the term of this Agreement, he shall:
- 4.2.1 ensure that the registered capital of Borrower Company be paid up and registered in accordance with the articles of association; Borrower Company shall be a limited liability company without foreign investment, in which Borrower shall hold 49% of the equity interests;
  - 4.2.2 pay the capital contribution in full corresponding to the Borrower Equity Interest in accordance with the laws of China, and provide Lender with a capital contribution verification report regarding paid-in capital contributions from a qualified accounting firm;

- 4.2.3 endeavor to cause Borrower Company to engage in value-added telecommunication services; the specific business scope shall be subject to the business license of Borrower Company; Borrower shall cause Borrower Company to complete all the government approvals, authorizations, licensing, registration and filing required for engaging in the businesses within the scope of its business license and for owning its assets pursuant to the laws of China; Borrower shall provide Lender with the said governmental approvals documents for verification. Endeavor to complete the registration of the paid-in registered capital after his drawing of the Loan, and shall provide Lender with all of the duplicates of the registration documents at the government department for industry and commerce, business licenses, and articles of association, and shall not change the business operation of Borrower Company without Lender's prior written consent;
- 4.2.4 execute an irrevocable Power of Attorney, which authorizes the Lender or a legal or natural person designated by Lender to exercise all of Borrower's rights as a shareholder in Borrower Company, and refrain from exercising any such shareholder rights except to the extent required under this Agreement or the Equity Interest Pledge Agreement (defined as below) or as requested by Lender;
- 4.2.5 execute the Exclusive Option Agreement with Lender and Borrower Company, under which Borrower shall irrevocably grant to Lender an exclusive option to purchase all of the Borrower Equity Interest;
- 4.2.6 execute an Equity Interest Pledge Agreement (the "Equity Interest Pledge Agreement") with Borrower Company and Lender, under which Borrower shall pledge the Borrower Equity Interest to Lender;

- 4.2.7 enter into the aforementioned Power of Attorney, Exclusive Option Agreement and Equity Interest Pledge Agreement on the date of issuance of the business license of Borrower Company, and complete all the related governmental approvals, registrations or filings (as applicable);
- 4.2.8 abide by the provisions of this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement, perform his obligations under this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement, and refrain from any action/omission that may affect the effectiveness and enforceability of this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement;
- 4.2.9 not sell, transfer, mortgage or dispose of in any other manner the legal or beneficial interest in Borrower Equity Interest, or allow the encumbrance thereon of any security interest or the encumbrance, except in accordance with the Equity Interest Pledge Agreement;
- 4.2.10 cause any shareholders' meeting and/or the board of directors of Borrower Company not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in Borrower Equity Interest, or allow the encumbrance thereon of any security interest, except to Lender or Lender's designated person;
- 4.2.11 cause any shareholders' meeting and/or the board of directors of the Borrower Company not to approve the merger or consolidation of Borrower Company with any person, or its acquisition of or investment in any person, without the prior written consent of Lender;

- 4.2.12 immediately notify Lender of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Borrower Equity Interest;
- 4.2.13 to the extent necessary to maintain his ownership of the Borrower Equity Interest, execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defense against all claims;
- 4.2.14 without the prior written consent of Lender, refrain from any action / omission that may have a material impact on the assets, business and liabilities of Borrower Company;
- 4.2.15 appoint any designee of Lender as director of Borrower Company, at the request of Lender;
- 4.2.16 to the extent permitted by the laws of China, at the request of Lender at any time, promptly and unconditionally transfer all of Borrower Equity Interest to Lender or Lender's designated representative(s) at any time, and cause the other shareholders of Borrower Company to waive their right of first refusal with respect to the share transfer described in this Section;
- 4.2.17 to the extent permitted by the laws of China, at the request of Lender at any time, cause the other shareholders of Borrower Company to promptly and unconditionally transfer all of their equity interests to Lender or Lender's designated representative(s) at any time, and Borrower hereby waives his right of first refusal (if any) with respect to the share transfer described in this Section;

- 4.2.18 in the event that Lender purchases Borrower Equity Interest from Borrower in accordance with the provisions of the Exclusive Option Agreement, use such purchase price obtained thereby to repay the Loan to Lender; and
- 4.2.19 without the prior written consent of Lender, not to cause Borrower Company to supplement, change, or amend its articles of association in any manner, increase or decreases its registered capital or change its share capital structure in any manner.

**5. Liability for Default**

- 5.1 In the event either Party breaches this Agreement or otherwise causes the non-performance of this Agreement in part or in whole, the Party shall be liable for such breach and shall compensate all damages (including litigation and attorneys fees) resulting therefrom. In the event that both Parties breach this Agreement, each Party shall be liable for its respective breach.
- 5.2 In the event that Borrower fails to perform the repayment obligations set forth in this Agreement, Borrower shall pay overdue interest of 0.01% per day for the outstanding payment, until the day Borrower repays the full principal of the Loan, overdue interests and other payable amounts.

## 6. Notices

6.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

- 6.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery.
- 6.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

6.2 For the purpose of notices, the addresses of the Parties are as follows:

**Lender:** **Beijing Yangguang Gudi Science Development Co., Ltd.**  
Address: Tower E, North America International Business Center,  
#Yi108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

**Borrower:** **58 Co., Ltd.**  
Address: Tower E, North America International Business Center,  
#Yi108, Beiyuan Road, Chaoyang District, Beijing  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

6.3 Any Party may at any time change its address for notices by a notice delivered to the other Party in accordance with the terms hereof.

**7. Confidentiality**

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, investors, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, investors, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the staff members or agencies hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

**8. Governing Law and Resolution of Disputes**

8.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes shall be governed by the laws of China.

8.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Party for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its then effective arbitration rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.

8.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

**9. Miscellaneous**

9.1 This Agreement shall become effective on the date thereof, and shall expire upon the date of full performance by the Parties of their respective obligations under this Agreement.

9.2 This Agreement shall be written in both Chinese and English language in two copies, each Party having one copy with equal legal validity. In case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

9.3 This Agreement may be amended or supplemented through written agreement by and between Lender and Borrower. Such written amendment agreement and/or supplementary agreement executed by and between Lender and Borrower are an integral part of this Agreement, and shall have the same legal validity as this Agreement.

9.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

9.5 The attachments (if any) to this Agreement shall be an integral part of this Agreement and shall have the same legal validity as this Agreement.

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Loan Agreement as of the date first above written.

**Lender: Beijing Yangguang Gudi Science Development Co., Ltd.**

By: /s/ Haoyong Yang  
Name: Haoyong Yang  
Title: Legal Representative

**Borrower: 58 Co. Ltd.**

By: /s/ Jinbo Yao  
Name: Jinbo Yao  
Title: Legal Representative

Signature page to Loan Agreement

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## Loan Agreement

This Loan Agreement (this "Agreement") is made and entered into by and between the Parties below as of August 6, 2015 in Beijing, China:

- (1) **Beijing Yangguang Gudi Science Development Co., Ltd.** ("Lender"), a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Room 1811, 18/F, Building No.2, #1 Shangdi 10th Avenue, Haidian District, Beijing, PRC;
- (2) **Yang Liu** ("Borrower"), a citizen of China with Chinese Identification No.: .

Each of the Lender and the Borrower shall be hereinafter referred to as a "Party" respectively, and as the "Parties" collectively.

### Whereas:

1. As of the date hereof, Borrower holds 30.69% of equity interests in Beijing Shanjing Ke Chuang Network Technology Co., Ltd. ("Borrower Company"). All of the equity interest now held and hereafter acquired by Borrower in Borrower Company shall be referred to as Borrower Equity Interest;
2. Lender confirms that it agrees to provide Borrower with and Borrower confirms that he/she has received a loan which equals to RMB11,880,000 to be used for the purposes set forth under this Agreement.

After friendly consultation, the Parties agree as follows:

## **1 Loan**

1.1 In accordance with the terms and conditions of this Agreement, Lender and Borrower hereby acknowledge that Borrower has obtained from Lender a loan in the amount of RMB11,880,000 (the "Loan"). The term of the Loan shall be 10 years from the effective date of this Agreement, which may be extended upon mutual written consent of the Parties. During the term of the Loan or the extended term of the Loan, Borrower shall immediately repay the full amount of the Loan in the event any one or more of the following circumstances occur:

- 1.1.1 30 days elapse after Borrower receives a written notice from Lender requesting repayment of the Loan;
- 1.1.2 Borrower's death, lack or limitation of civil capacity;
- 1.1.3 Borrower ceases (for any reason) to be an employee of Lender, Borrower Company or their affiliates;
- 1.1.4 Borrower engages in criminal act or is involved in criminal activities;
- 1.1.5 According to the applicable laws of China, foreign investors are permitted to invest in the Principle Business that is currently conducted by Borrower Company in China with a controlling stake and/or in the form of wholly-foreign-owned enterprises, the relevant competent authorities of China begin to approve such investments, and Lender exercises the exclusive option under the Exclusive Option Agreement (the "Exclusive Option Agreement") described in this Agreement.

- 1.2 The Loan provided by Lender under this Agreement shall inure to Borrower's benefit only and not to Borrower's successors or assigns.
- 1.3 Borrower agrees to accept the aforementioned Loan provided by Lender, and hereby agrees and warrants using the Loan to increase the registered capital of Borrower Company. Without Lender's prior written consent, Borrower shall not use the Loan for any purpose other than as set forth herein.
- 1.4 Lender and Borrower hereby agree and acknowledge that Borrower's method of repayment shall be at the sole discretion of Lender, and may at Lender's option take the form of Borrower's transferring the Borrower Equity Interest in whole to Lender or Lender's designated persons (legal or natural persons) pursuant to the Lender's exercise of its right to acquire the Borrower Equity Interest under the Exclusive Option Agreement.
- 1.5 Lender and Borrower hereby agree and acknowledge that any proceeds from the transfer of the Borrower Equity Interest (to the extent permissible) shall be used to repay the Loan to Lender, in accordance with this Agreement and in the manner designated by Lender.
- 1.6 Lender and Borrower hereby agree and acknowledge that to the extent permitted by applicable laws, Lender shall have the right but not the obligation to purchase or designate other persons (legal or natural persons) to purchase Borrower Equity Interest in part or in whole at any time, at the price stipulated in the Exclusive Option Agreement.
- 1.7 Borrower also undertakes to execute an irrevocable Power of Attorney (the "Power of Attorney"), which authorizes Lender or a legal or natural person designated by Lender to exercise all of Borrower's rights as a shareholder of Borrower Company.

1.8 When Borrower transfers Borrower Equity Interest to Lender or Lender's designated person(s), in the event that the transfer price of such equity interest equals or is lower than the principal of the Loan under this Agreement, the Loan under this Agreement shall be deemed an interest-free loan. In the event that the transfer price of such equity interest exceeds the principal of the Loan under this Agreement, the excess over the principal shall be deemed the interest of the Loan under this Agreement payable by Borrower to Lender.

## **2 Representations and Warranties**

2.1 Between the date of this Agreement and the date of termination of this Agreement, Lender hereby makes the following representations and warranties to Borrower:

2.1.1 Lender is a corporation duly organized and legally existing in accordance with the laws of China;

2.1.2 Lender has the legal capacity to execute and perform this Agreement. The execution and performance by Lender of this Agreement is consistent with Lender's scope of business and the provisions of Lender's corporate bylaws and other organizational documents, and Lender has obtained all necessary and proper approvals and authorizations for the execution and performance of this Agreement; and

2.1.3 This Agreement constitutes Lender's legal, valid and binding obligations enforceable in accordance with its terms.

2.2 Between the date of this Agreement and the date of termination of this Agreement, Borrower hereby makes the following representations and warranties:

- 2.2.1 Borrower has the legal capacity to execute and perform this Agreement. Borrower has obtained all necessary and proper approvals and authorizations for the execution and performance of this Agreement;
- 2.2.2 This Agreement constitutes Borrower's legal, valid and binding obligations enforceable in accordance with its terms; and
- 2.2.3 There are no disputes, litigations, arbitrations, administrative proceedings or any other legal proceedings relating to Borrower, nor are there any potential disputes, litigations, arbitrations, administrative proceedings or any other legal proceedings relating to Borrower.

### **3 Borrower's Covenants**

- 3.1 As and when he becomes, and for so long as he remains a shareholder of Borrower Company, Borrower covenants irrevocably that during the term of this Agreement, Borrower shall cause Borrower Company:
  - 3.1.1 to strictly abide by the provisions of the Exclusive Option Agreement and the Exclusive Technology Consultant and Services Agreement to which the Borrower Company is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability of the Exclusive Option Agreement and Exclusive Technology Consultant and Services Agreement.
  - 3.1.2 at the request of Lender (or a party designated by Lender), to execute contracts/agreements on business cooperation with Lender (or a party designated by Lender), and to strictly abide by such contracts/agreements;

- 3.1.3 to provide Lender with all of the information on Borrower Company's business operations and financial condition at Lender's request;
  - 3.1.4 to immediately notify Lender of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Borrower Company's assets, business or income;
  - 3.1.5 at the request of Lender, to appoint any persons designated by Lender as directors of Borrower Company;
- 3.2 Borrower covenants that during the term of this Agreement, he shall:
- 3.2.1 endeavor to keep Borrower Company to engage in its Principle Businesses;
  - 3.2.2 abide by the provisions of this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement to which the Borrower is a party, perform his obligations under this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement, and refrain from any action/omission that may affect the effectiveness and enforceability of this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement;
  - 3.2.3 not sell, transfer, mortgage or dispose of in any other manner the legal or beneficial interest in Borrower Equity Interest, or allow the encumbrance thereon of any security interest or the encumbrance, except in accordance with the Equity Interest Pledge Agreement;

- 3.2.4 cause any shareholders' meeting and/or the board of directors of Borrower Company not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in Borrower Equity Interest, or allow the encumbrance thereon of any security interest, except to Lender or Lender's designated person;
- 3.2.5 cause any shareholders' meeting and/or the board of directors of the Borrower Company not to approve the merger or consolidation of Borrower Company with any person, or its acquisition of or investment in any person, without the prior written consent of Lender;
- 3.2.6 immediately notify Lender of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Borrower Equity Interest;
- 3.2.7 to the extent necessary to maintain his ownership of the Borrower Equity Interest, execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defense against all claims;
- 3.2.8 without the prior written consent of Lender, refrain from any action /omission that may have a material impact on the assets, business and liabilities of Borrower Company;
- 3.2.9 appoint any designee of Lender as director of Borrower Company, at the request of Lender;

- 3.2.10 to the extent permitted by the laws of China, at the request of Lender at any time, promptly and unconditionally transfer all of Borrower Equity Interest to Lender or Lender's designated representative(s) at any time, and cause the other shareholders of Borrower Company to waive their right of first refusal with respect to the share transfer described in this Section;
- 3.2.11 to the extent permitted by the laws of China, at the request of Lender at any time, cause the other shareholders of Borrower Company to promptly and unconditionally transfer all of their equity interests to Lender or Lender's designated representative(s) at any time, and Borrower hereby waives his right of first refusal (if any) with respect to the share transfer described in this Section;
- 3.2.12 in the event that Lender purchases Borrower Equity Interest from Borrower in accordance with the provisions of the Exclusive Option Agreement, use such purchase price obtained thereby to repay the Loan to Lender; and
- 3.2.13 without the prior written consent of Lender, not to cause Borrower Company to supplement, change, or amend its articles of association in any manner, increase or decreases its registered capital or change its share capital structure in any manner.

#### **4 Liability for Default**

- 4.1 If Borrower conducts any material breach of any term of this Agreement, Lender shall have right to terminate this Agreement and require the Borrower to compensate all damages; this Section 4.1 shall not prejudice any other rights of Lender herein.

- 4.2 If Lender conducts any breach of any term of this Agreement, Borrower shall not terminate this Agreement in any event unless otherwise required by applicable laws.
- 4.3 In the event that Borrower fails to perform the repayment obligations set forth in this Agreement, Borrower shall pay overdue interest of 0.01% per day for the outstanding payment, until the day Borrower repays the full principal of the Loan, overdue interests and other payable amounts.

## **5 Notices**

- 5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:
- 5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery.
- 5.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).
- 5.2 For the purpose of notices, the addresses of the Parties are as follows:

**Lender:** Beijing Yangguang Gudi Science Development Co., Ltd.  
Address: Tower E, North America International Business Center, #Yi108,  
Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

**Borrower:** Yang Liu  
Address:  
Phone:  
Facsimile:

5.3 Any Party may at any time change its address for notices by a notice delivered to the other Party in accordance with the terms hereof.

## **6 Confidentiality**

The Parties acknowledge that any oral or written information exchanged among them with respect to this Agreement is confidential information. The Parties shall maintain the confidentiality of all such information, and without the written consent of other Party, either Party shall not disclose any relevant information to any third party, except in the following circumstances: (a) such information is or will be in the public domain (provided that this is not the result of a public disclosure by the receiving party); (b) information disclosed as required by applicable laws or rules or regulations of any stock exchange; or (c) information required to be disclosed by any Party to its legal counsel or financial advisor regarding the transaction contemplated hereunder, and such legal counsel or financial advisor are also bound by confidentiality duties similar to the duties in this section. Disclosure of any confidential information by the staff members or agency hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This section shall survive the termination of this Agreement for any reason.

## **7 Governing Law and Resolution of Disputes**

- 7.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes shall be governed by the laws of China.
- 7.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Party for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its then effective arbitration rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.
- 7.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

## **8 Miscellaneous**

- 8.1 This Agreement should become effective upon execution by the Parties , and shall expire upon the date of full performance by the Parties of their respective obligations under this Agreement.

- 8.2 This Agreement shall be written in both Chinese and English language in two copies, each Party having one copy with equal legal validity. In case there is any conflict between the Chinese version and the English version, the Chinese version shall apply.
- 8.3 This Agreement may be amended or supplemented through written agreement by and between Lender and Borrower. Such written amendment agreement and/or supplementary agreement executed by and between Lender and Borrower are an integral part of this Agreement, and shall have the same legal validity as this Agreement.
- 8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.
- 8.5 The attachments (if any) to this Agreement shall be an integral part of this Agreement and shall have the same legal validity as this Agreement.
- 8.6 Any obligations that occur or that are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof. The provisions of Sections 4, 6, 7 and this Section 8.6 shall survive the termination of this Agreement.

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Loan Agreement as of the date first above written.

**Lender:** **Beijing Yangguang Gudi Science Development Co., Ltd.**

By: /s/ Haoyong Yang  
Name: Haoyong Yang  
Title: Legal Representative

**Borrower:** **Yang Liu**

By: /s/ Yang Liu

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## Loan Agreement

This Loan Agreement (this "Agreement") is made and entered into by and between the Parties below as of August 6, 2015 in Beijing, China:

- (1) **Beijing Yangguang Gudi Science Development Co., Ltd.** ("Lender"), a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Room 1811, 18/F, Building No.2, #1 Shangdi 10th Avenue, Haidian District, Beijing, PRC;
- (2) **Chunyan Guo** ("Borrower"), a citizen of China with Chinese Identification No.: .

Each of the Lender and the Borrower shall be hereinafter referred to as a "Party" respectively, and as the "Parties" collectively.

### Whereas:

1. Borrower intends to invest an amount being RMB7,741,935 to subscribing for 20.00% of equity interests in Beijing Shan Jing Ke Chuang Network Technology Co., Ltd. ("Borrower Company"). All of the equity interest hereafter acquired by Borrower in Borrower Company shall be referred to as Borrower Equity Interest;
2. Lender confirms that it agrees to provide Borrower with a loan with a principal amount of RMB7,741,935 to be used for the purposes set forth under this Agreement.

After friendly consultation, the Parties agree as follows:

## 1. Loan

1.1 In accordance with the terms and conditions of this Agreement, Lender agrees to provide an interest-free loan in the amount of RMB7,741,935 (the "Loan") to Borrower. The term of the Loan shall be 10 years from the date of this Agreement, which may be extended upon mutual written consent of the Parties. During the term of the Loan or the extended term of the Loan, Borrower shall immediately repay the full amount of the Loan in the event any one or more of the following circumstances occur:

1.1.1 30 days elapse after Borrower receives a written notice from Lender requesting repayment of the Loan;

1.1.2 Borrower's death, lack or limitation of civil capacity;

1.1.3 Borrower ceases (for any reason) to be an employee of Lender, Borrower Company or their affiliates;

1.1.4 Borrower engages in criminal act or is involved in criminal activities;

1.1.5 Any third party filed a claim against Borrower that exceeds RMB500,000; or

1.1.6 According to the applicable laws of China, foreign investors are permitted to invest in the business of Borrower Company in China with a controlling stake or in the form of wholly-foreign-owned enterprises, the relevant competent authorities of China begin to approve such investments, and Lender exercises the exclusive option under the Exclusive Option Agreement (as defined below) described in this Agreement.

- 1.2 Lender agrees to remit the total amount of the Loan to the account designated by Borrower within 90 days after receiving a written notification from the Borrower regarding the same, provided that all the conditions precedent in Section 2 are fulfilled. Borrower shall provide Lender with a written receipt for the Loan upon receiving the Loan. The Loan provided by Lender under this Agreement shall inure to Borrower's benefit only and not to Borrower's successors or assigns.
- 1.3 Borrower agrees to accept the aforementioned Loan provided by Lender, and hereby agrees and warrants to use the Loan to provide registered capital to the Borrower Company, a domestic-funded limited liability company to be established in Beijing, China, carrying out value-added telecommunication services. Borrower therefore shall be Borrower Company's shareholder and shall own 20.00% of the equity interests in Borrower Company. Borrower agrees to complete the investment into Borrower Company in accordance with the articles of association and hold the Borrower Equity Interest within 60 days following the date of the receipt of the Loan and provide Lender, or any person designated by the Lender, with all of the duplicates of the registration documents at the government department for industry and commerce, the business licenses, and articles of association. Without Lender's prior written consent, Borrower shall not use the Loan for any purpose other than as set forth herein.
- 1.4 Lender and Borrower hereby agree and acknowledge that Borrower's method of repayment shall be at the sole discretion of Lender, and may at Lender's option take the form of Borrower's transferring the Borrower Equity Interest in whole to Lender or Lender's designated persons (legal or natural persons) pursuant to the Lender's exercise of its right to acquire the Borrower Equity Interest under the Exclusive Option Agreement.

- 1.5 Lender and Borrower hereby agree and acknowledge that any proceeds from the transfer of the Borrower Equity Interest (to the extent permissible) shall be used to repay the Loan to Lender, in accordance with this Agreement and in the manner designated by Lender.
- 1.6 Lender and Borrower hereby agree and acknowledge that to the extent permitted by applicable laws, Lender shall have the right but not the obligation to purchase or designate other persons (legal or natural persons) to purchase Borrower Equity Interest in part or in whole at any time, at the price stipulated in the Exclusive Option Agreement.
- 1.7 Borrower also undertakes to execute an irrevocable Power of Attorney (the "Power of Attorney"), which authorizes Lender or a legal or natural person designated by Lender to exercise all of Borrower's rights as a shareholder of Borrower Company.

## **2. Conditions Precedent**

The obligation of Lender to provide the Loan to Borrower contemplated in Section 1.1 shall be subject to the satisfaction of the following conditions, unless waived in writing by Lender.

- 2.1 Lender receives the written notification for drawdown under the Loan sent by Borrower according to Section 1.2.
- 2.2 All the representations and warranties by Borrower in Section 3.2 are true, complete, correct and not misleading.
- 2.3 Borrower has not violated the covenants in Section 4 of this Agreement, and no event which may affect Borrower's performance of its obligations under this Agreement has occurred or is expected to occur.

### **3. Representations and Warranties**

3.1 Between the date of this Agreement and the date of termination of this Agreement, Lender hereby makes the following representations and warranties to Borrower:

3.1.1 Lender is a corporation duly organized and legally existing in accordance with the laws of China;

3.1.2 Lender has the legal capacity to execute and perform this Agreement. The execution and performance by Lender of this Agreement is consistent with Lender's scope of business and the provisions of Lender's corporate bylaws and other organizational documents, and Lender has obtained all necessary and proper approvals and authorizations for the execution and performance of this Agreement; and

3.1.3 This Agreement constitutes Lender's legal, valid and binding obligations enforceable in accordance with its terms.

3.2 Between the date of this Agreement and the date of termination of this Agreement, Borrower hereby makes the following representations and warranties:

3.2.1 Borrower has the legal capacity to execute and perform this Agreement. Borrower has obtained all necessary and proper approvals and authorizations for the execution and performance of this Agreement;

3.2.2 This Agreement constitutes Borrower's legal, valid and binding obligations enforceable in accordance with its terms; and

3.2.3 There are no disputes, litigations, arbitrations, administrative proceedings or any other legal proceedings relating to Borrower, nor are there any potential disputes, litigations, arbitrations, administrative proceedings or any other legal proceedings relating to Borrower.

#### **4. Borrower's Covenants**

4.1 As and when he becomes, and for so long as he remains a shareholder of Borrower Company, Borrower covenants irrevocably that during the term of this Agreement, Borrower shall cause Borrower Company:

4.1.1 as soon as practicable after the date of this Agreement, to execute a Exclusive Option Agreement with Borrower and Lender, under which Borrower shall irrevocably grant Lender an exclusive option to purchase all of the Borrower Equity Interest (the "Exclusive Option Agreement"); to comply with certain Exclusive Technical Consulting and Services Agreement ("Exclusive Technical Consulting and Services Agreement") dated January 18, 2012 between the Borrower Company and Lender, as amended, under which Lender, as an exclusive service provider, agrees to provide Borrower Company with technical service and business consulting service;

4.1.2 to strictly abide by the provisions of the Exclusive Option Agreement and the Exclusive Technical Consulting and Services Agreement, and to refrain from any action/omission that may affect the effectiveness and enforceability of the Exclusive Option Agreement and the Exclusive Technical Consulting and Services Agreement;

- 4.1.3 at the request of Lender (or a party designated by Lender), to execute contracts/agreements on business cooperation with Lender (or a party designated by Lender), and to strictly abide by such contracts/agreements;
  - 4.1.4 to provide Lender with all of the information on Borrower Company's business operations and financial condition at Lender's request;
  - 4.1.5 to immediately notify Lender of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Borrower Company's assets, business or income;
  - 4.1.6 at the request of Lender, to appoint any persons designated by Lender as directors of Borrower Company;
- 4.2 Borrower covenants that during the term of this Agreement, he shall:
- 4.2.1 ensure that the registered capital of Borrower Company be paid up and registered in accordance with the articles of association; Borrower Company shall be a limited liability company without foreign investment, in which Borrower shall hold 20.00% of the equity interests;
  - 4.2.2 pay the capital contribution in full corresponding to the Borrower Equity Interest in accordance with the laws of China, and provide Lender with a capital contribution verification report regarding paid-in capital contributions from a qualified accounting firm;
  - 4.2.3 endeavor to cause Borrower Company to engage in value-added telecommunication services; the specific business scope shall be subject to the business license of Borrower Company; Borrower shall cause Borrower Company to complete all the government approvals, authorizations, licensing, registration and filing required for engaging in the businesses within the scope of its business license and for owning its assets pursuant to the laws of China; Borrower shall provide Lender with the said governmental approvals documents for verification. Endeavor to complete the registration of the paid-in registered capital after his drawing of the Loan, and shall provide Lender with all of the duplicates of the registration documents at the government department for industry and commerce, business licenses, and articles of association, and shall not change the business operation of Borrower Company without Lender's prior written consent;

- 4.2.4 execute an irrevocable Power of Attorney, which authorizes the Lender or a legal or natural person designated by Lender to exercise all of Borrower's rights as a shareholder in Borrower Company, and refrain from exercising any such shareholder rights except to the extent required under this Agreement or the Equity Interest Pledge Agreement (defined as below) or as requested by Lender;
- 4.2.5 execute the Exclusive Option Agreement with Lender and Borrower Company, under which Borrower shall irrevocably grant to Lender an exclusive option to purchase all of the Borrower Equity Interest;
- 4.2.6 execute an Equity Interest Pledge Agreement (the "Equity Interest Pledge Agreement") with Borrower Company and Lender, under which Borrower shall pledge the Borrower Equity Interest to Lender;
- 4.2.7 enter into the aforementioned Power of Attorney, Exclusive Option Agreement and Equity Interest Pledge Agreement on the date of issuance of the business license of Borrower Company, and complete all the related governmental approvals, registrations or filings (as applicable);

- 4.2.8 abide by the provisions of this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement, perform his obligations under this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement, and refrain from any action/omission that may affect the effectiveness and enforceability of this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement;
- 4.2.9 not sell, transfer, mortgage or dispose of in any other manner the legal or beneficial interest in Borrower Equity Interest, or allow the encumbrance thereon of any security interest or the encumbrance, except in accordance with the Equity Interest Pledge Agreement;
- 4.2.10 cause any shareholders' meeting and/or the board of directors of Borrower Company not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in Borrower Equity Interest, or allow the encumbrance thereon of any security interest, except to Lender or Lender's designated person;
- 4.2.11 cause any shareholders' meeting and/or the board of directors of the Borrower Company not to approve the merger or consolidation of Borrower Company with any person, or its acquisition of or investment in any person, without the prior written consent of Lender;

- 4.2.12 immediately notify Lender of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Borrower Equity Interest;
- 4.2.13 to the extent necessary to maintain his ownership of the Borrower Equity Interest, execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defense against all claims;
- 4.2.14 without the prior written consent of Lender, refrain from any action / omission that may have a material impact on the assets, business and liabilities of Borrower Company;
- 4.2.15 appoint any designee of Lender as director of Borrower Company, at the request of Lender;
- 4.2.16 to the extent permitted by the laws of China, at the request of Lender at any time, promptly and unconditionally transfer all of Borrower Equity Interest to Lender or Lender's designated representative(s) at any time, and cause the other shareholders of Borrower Company to waive their right of first refusal with respect to the share transfer described in this Section;
- 4.2.17 to the extent permitted by the laws of China, at the request of Lender at any time, cause the other shareholders of Borrower Company to promptly and unconditionally transfer all of their equity interests to Lender or Lender's designated representative(s) at any time, and Borrower hereby waives his right of first refusal (if any) with respect to the share transfer described in this Section;

- 4.2.18 in the event that Lender purchases Borrower Equity Interest from Borrower in accordance with the provisions of the Exclusive Option Agreement, use such purchase price obtained thereby to repay the Loan to Lender; and
- 4.2.19 without the prior written consent of Lender, not to cause Borrower Company to supplement, change, or amend its articles of association in any manner, increase or decreases its registered capital or change its share capital structure in any manner.

**5. Liability for Default**

- 5.1 In the event either Party breaches this Agreement or otherwise causes the non-performance of this Agreement in part or in whole, the Party shall be liable for such breach and shall compensate all damages (including litigation and attorneys fees) resulting therefrom. In the event that both Parties breach this Agreement, each Party shall be liable for its respective breach.
- 5.2 In the event that Borrower fails to perform the repayment obligations set forth in this Agreement, Borrower shall pay overdue interest of 0.01% per day for the outstanding payment, until the day Borrower repays the full principal of the Loan, overdue interests and other payable amounts.

**6. Notices**

- 6.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

- 6.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery.
- 6.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

6.2 For the purpose of notices, the addresses of the Parties are as follows:

**Lender:** **Beijing Yangguang Gudi Science Development Co., Ltd.**  
Address: Tower E, North America International Business Center, #Y1108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

**Borrower:** **Chunyan Guo**  
Address: Tower E, North America International Business Center, #Y1108, Beiyuan Road, Chaoyang District, Beijing  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

6.3 Any Party may at any time change its address for notices by a notice delivered to the other Party in accordance with the terms hereof.

## **7. Confidentiality**

The Parties acknowledge that the existence and the terms of this Agreement and any oral or written information exchanged between the Parties in connection with the preparation and performance this Agreement are regarded as confidential information. Each Party shall maintain confidentiality of all such confidential information, and without obtaining the written consent of the other Party, it shall not disclose any relevant confidential information to any third parties, except for the information that: (a) is or will be in the public domain (other than through the receiving Party's unauthorized disclosure); (b) is under the obligation to be disclosed pursuant to the applicable laws or regulations, rules of any stock exchange, or orders of the court or other government authorities; or (c) is required to be disclosed by any Party to its shareholders, investors, legal counsels or financial advisors regarding the transaction contemplated hereunder, provided that such shareholders, investors, legal counsels or financial advisors shall be bound by the confidentiality obligations similar to those set forth in this Section. Disclosure of any confidential information by the staff members or agencies hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This Section shall survive the termination of this Agreement for any reason.

## **8. Governing Law and Resolution of Disputes**

8.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes shall be governed by the laws of China.

8.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Party for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its then effective arbitration rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.

8.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

**9. Miscellaneous**

9.1 This Agreement shall become effective on the date thereof, and shall expire upon the date of full performance by the Parties of their respective obligations under this Agreement.

9.2 This Agreement shall be written in both Chinese and English language in two copies, each Party having one copy with equal legal validity. In case there is any conflict between the Chinese version and the English version, the Chinese version shall prevail.

9.3 This Agreement may be amended or supplemented through written agreement by and between Lender and Borrower. Such written amendment agreement and/or supplementary agreement executed by and between Lender and Borrower are an integral part of this Agreement, and shall have the same legal validity as this Agreement.

9.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.

9.5 The attachments (if any) to this Agreement shall be an integral part of this Agreement and shall have the same legal validity as this Agreement.

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Loan Agreement as of the date first above written.

**Lender:** **Beijing Yangguang Gudi Science Development Co., Ltd.**

By: /s/ Haoyong Yang  
Name: Haoyong Yang  
Title: Legal Representative

**Borrower:** **Chunyan Guo**

By: /s/ Chunyan Guo

Signature Page to Loan Agreement

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## **Loan Agreement**

This Loan Agreement (this "Agreement") is made and entered into by and between the Parties below as of August 6, 2015 in Beijing, China:

- (1) **Beijing Yangguang Gudi Science Development Co., Ltd.** ("Lender"), a wholly foreign owned enterprise, organized and existing under the laws of the PRC, with its address at Room 1811, 18/F, Building No.2, #1 Shangdi 10th Avenue, Haidian District, Beijing, PRC;
- (2) **Haoyong Yang** ("Borrower"), a citizen of China with Chinese Identification No.: .

Each of the Lender and the Borrower shall be hereinafter referred to as a "Party" respectively, and as the "Parties" collectively.

### **Whereas:**

1. As of the date hereof, Borrower holds 0.31% of equity interests in Beijing Shanjing Ke Chuang Network Technology Co., Ltd. ("Borrower Company"). All of the equity interest now held and hereafter acquired by Borrower in Borrower Company shall be referred to as Borrower Equity Interest;
2. Lender confirms that it agrees to provide Borrower with and Borrow confirms that he/she has received a loan which equals to RMB120,000 to be used for the purposes set forth under this Agreement.

After friendly consultation, the Parties agree as follows:

## **1 Loan**

1.1 In accordance with the terms and conditions of this Agreement, Lender and Borrower hereby acknowledge that Borrower has obtained from Lender a loan in the amount of RMB120,000 (the "Loan"). The term of the Loan shall be 10 years from the effective date of this Agreement, which may be extended upon mutual written consent of the Parties. During the term of the Loan or the extended term of the Loan, Borrower shall immediately repay the full amount of the Loan in the event any one or more of the following circumstances occur:

- 1.1.1 30 days elapse after Borrower receives a written notice from Lender requesting repayment of the Loan;
- 1.1.2 Borrower's death, lack or limitation of civil capacity;
- 1.1.3 Borrower ceases (for any reason) to be an employee of Lender, Borrower Company or their affiliates;
- 1.1.4 Borrower engages in criminal act or is involved in criminal activities;
- 1.1.5 According to the applicable laws of China, foreign investors are permitted to invest in the Principle Business that is currently conducted by Borrower Company in China with a controlling stake and/or in the form of wholly-foreign-owned enterprises, the relevant competent authorities of China begin to approve such investments, and Lender exercises the exclusive option under the Exclusive Option Agreement (the "Exclusive Option Agreement") described in this Agreement.

- 1.2 The Loan provided by Lender under this Agreement shall inure to Borrower's benefit only and not to Borrower's successors or assigns.
- 1.3 Borrower agrees to accept the aforementioned Loan provided by Lender, and hereby agrees and warrants using the Loan to increase the registered capital of Borrower Company. Without Lender's prior written consent, Borrower shall not use the Loan for any purpose other than as set forth herein.
- 1.4 Lender and Borrower hereby agree and acknowledge that Borrower's method of repayment shall be at the sole discretion of Lender, and may at Lender's option take the form of Borrower's transferring the Borrower Equity Interest in whole to Lender or Lender's designated persons (legal or natural persons) pursuant to the Lender's exercise of its right to acquire the Borrower Equity Interest under the Exclusive Option Agreement.
- 1.5 Lender and Borrower hereby agree and acknowledge that any proceeds from the transfer of the Borrower Equity Interest (to the extent permissible) shall be used to repay the Loan to Lender, in accordance with this Agreement and in the manner designated by Lender.
- 1.6 Lender and Borrower hereby agree and acknowledge that to the extent permitted by applicable laws, Lender shall have the right but not the obligation to purchase or designate other persons (legal or natural persons) to purchase Borrower Equity Interest in part or in whole at any time, at the price stipulated in the Exclusive Option Agreement.
- 1.7 Borrower also undertakes to execute an irrevocable Power of Attorney (the "Power of Attorney"), which authorizes Lender or a legal or natural person designated by Lender to exercise all of Borrower's rights as a shareholder of Borrower Company.

1.8 When Borrower transfers Borrower Equity Interest to Lender or Lender's designated person(s), in the event that the transfer price of such equity interest equals or is lower than the principal of the Loan under this Agreement, the Loan under this Agreement shall be deemed an interest-free loan. In the event that the transfer price of such equity interest exceeds the principal of the Loan under this Agreement, the excess over the principal shall be deemed the interest of the Loan under this Agreement payable by Borrower to Lender.

## **2 Representations and Warranties**

2.1 Between the date of this Agreement and the date of termination of this Agreement, Lender hereby makes the following representations and warranties to Borrower:

2.1.1 Lender is a corporation duly organized and legally existing in accordance with the laws of China;

2.1.2 Lender has the legal capacity to execute and perform this Agreement. The execution and performance by Lender of this Agreement is consistent with Lender's scope of business and the provisions of Lender's corporate bylaws and other organizational documents, and Lender has obtained all necessary and proper approvals and authorizations for the execution and performance of this Agreement; and

2.1.3 This Agreement constitutes Lender's legal, valid and binding obligations enforceable in accordance with its terms.

2.2 Between the date of this Agreement and the date of termination of this Agreement, Borrower hereby makes the following representations and warranties:

- 2.2.1 Borrower has the legal capacity to execute and perform this Agreement. Borrower has obtained all necessary and proper approvals and authorizations for the execution and performance of this Agreement;
- 2.2.2 This Agreement constitutes Borrower's legal, valid and binding obligations enforceable in accordance with its terms; and
- 2.2.3 There are no disputes, litigations, arbitrations, administrative proceedings or any other legal proceedings relating to Borrower, nor are there any potential disputes, litigations, arbitrations, administrative proceedings or any other legal proceedings relating to Borrower.

### **3 Borrower's Covenants**

- 3.1 As and when he becomes, and for so long as he remains a shareholder of Borrower Company, Borrower covenants irrevocably that during the term of this Agreement, Borrower shall cause Borrower Company:
  - 3.1.1 to strictly abide by the provisions of the Exclusive Option Agreement and the Exclusive Technology Consultant and Services Agreement to which the Borrower Company is a party, and to refrain from any action/omission that may affect the effectiveness and enforceability of the Exclusive Option Agreement and Exclusive Technology Consultant and Services Agreement.
  - 3.1.2 at the request of Lender (or a party designated by Lender), to execute contracts/agreements on business cooperation with Lender (or a party designated by Lender), and to strictly abide by such contracts/agreements;

- 3.1.3 to provide Lender with all of the information on Borrower Company's business operations and financial condition at Lender's request;
  - 3.1.4 to immediately notify Lender of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Borrower Company's assets, business or income;
  - 3.1.5 at the request of Lender, to appoint any persons designated by Lender as directors of Borrower Company;
- 3.2 Borrower covenants that during the term of this Agreement, he shall:
- 3.2.1 endeavor to keep Borrower Company to engage in its Principle Businesses;
  - 3.2.2 abide by the provisions of this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement to which the Borrower is a party, perform his obligations under this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement, and refrain from any action/omission that may affect the effectiveness and enforceability of this Agreement, the Power of Attorney, the Equity Interest Pledge Agreement and the Exclusive Option Agreement;
  - 3.2.3 not sell, transfer, mortgage or dispose of in any other manner the legal or beneficial interest in Borrower Equity Interest, or allow the encumbrance thereon of any security interest or the encumbrance, except in accordance with the Equity Interest Pledge Agreement;

- 3.2.4 cause any shareholders' meeting and/or the board of directors of Borrower Company not to approve the sale, transfer, mortgage or disposition in any other manner of any legal or beneficial interest in Borrower Equity Interest, or allow the encumbrance thereon of any security interest, except to Lender or Lender's designated person;
- 3.2.5 cause any shareholders' meeting and/or the board of directors of the Borrower Company not to approve the merger or consolidation of Borrower Company with any person, or its acquisition of or investment in any person, without the prior written consent of Lender;
- 3.2.6 immediately notify Lender of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Borrower Equity Interest;
- 3.2.7 to the extent necessary to maintain his ownership of the Borrower Equity Interest, execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defense against all claims;
- 3.2.8 without the prior written consent of Lender, refrain from any action /omission that may have a material impact on the assets, business and liabilities of Borrower Company;
- 3.2.9 appoint any designee of Lender as director of Borrower Company, at the request of Lender;
- 3.2.10 to the extent permitted by the laws of China, at the request of Lender at any time, promptly and unconditionally transfer all of Borrower Equity Interest to Lender or Lender's designated representative(s) at any time, and cause the other shareholders of Borrower Company to waive their right of first refusal with respect to the share transfer described in this Section;

- 3.2.11 to the extent permitted by the laws of China, at the request of Lender at any time, cause the other shareholders of Borrower Company to promptly and unconditionally transfer all of their equity interests to Lender or Lender's designated representative(s) at any time, and Borrower hereby waives his right of first refusal (if any) with respect to the share transfer described in this Section;
- 3.2.12 in the event that Lender purchases Borrower Equity Interest from Borrower in accordance with the provisions of the Exclusive Option Agreement, use such purchase price obtained thereby to repay the Loan to Lender; and
- 3.2.13 without the prior written consent of Lender, not to cause Borrower Company to supplement, change, or amend its articles of association in any manner, increase or decreases its registered capital or change its share capital structure in any manner.

**4 Liability for Default**

- 4.1 If Borrower conducts any material breach of any term of this Agreement, Lender shall have right to terminate this Agreement and require the Borrower to compensate all damages; this Section 4.1 shall not prejudice any other rights of Lender herein.

4.2 If Lender conducts any breach of any term of this Agreement, Borrower shall not terminate this Agreement in any event unless otherwise required by applicable laws.

4.3 In the event that Borrower fails to perform the repayment obligations set forth in this Agreement, Borrower shall pay overdue interest of 0.01% per day for the outstanding payment, until the day Borrower repays the full principal of the Loan, overdue interests and other payable amounts.

## **5 Notices**

5.1 All notices and other communications required or permitted to be given pursuant to this Agreement shall be delivered personally or sent by registered mail, postage prepaid, by a commercial courier service or by facsimile transmission to the address of such Party set forth below. A confirmation copy of each notice shall also be sent by email. The dates on which notices shall be deemed to have been effectively given shall be determined as follows:

5.1.1 Notices given by personal delivery, by courier service or by registered mail, postage prepaid, shall be deemed effectively given on the date of delivery.

5.1.2 Notices given by facsimile transmission shall be deemed effectively given on the date of successful transmission (as evidenced by an automatically generated confirmation of transmission).

5.2 For the purpose of notices, the addresses of the Parties are as follows:

**Lender:** **Beijing Yangguang Gudi Science Development Co., Ltd.**  
Address: Tower E, North America International Business Center, #Y1108, Beiyuan Road, Chaoyang District, Beijing  
Attn: Jinbo Yao  
Phone: +8610 64435588-8888  
Facsimile: +8610-64459926

**Borrower:** **Haoyong Yang**  
Address:  
Phone:  
Facsimile:

5.3 Any Party may at any time change its address for notices by a notice delivered to the other Party in accordance with the terms hereof.

## **6 Confidentiality**

The Parties acknowledge that any oral or written information exchanged among them with respect to this Agreement is confidential information. The Parties shall maintain the confidentiality of all such information, and without the written consent of other Party, either Party shall not disclose any relevant information to any third party, except in the following circumstances: (a) such information is or will be in the public domain (provided that this is not the result of a public disclosure by the receiving party); (b) information disclosed as required by applicable laws or rules or regulations of any stock exchange; or (c) information required to be disclosed by any Party to its legal counsel or financial advisor regarding the transaction contemplated hereunder, and such legal counsel or financial advisor are also bound by confidentiality duties similar to the duties in this section. Disclosure of any confidential information by the staff members or agency hired by any Party shall be deemed disclosure of such confidential information by such Party, which Party shall be held liable for breach of this Agreement. This section shall survive the termination of this Agreement for any reason.

## **7 Governing Law and Resolution of Disputes**

- 7.1 The execution, effectiveness, construction, performance, amendment and termination of this Agreement and the resolution of disputes shall be governed by the laws of China.
- 7.2 In the event of any dispute with respect to the construction and performance of this Agreement, the Parties shall first resolve the dispute through friendly negotiations. In the event the Parties fail to reach an agreement on the dispute within 30 days after either Party's request to the other Party for resolution of the dispute through negotiations, either Party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with its then effective arbitration rules. The arbitration shall be conducted in Beijing, and the language used in arbitration shall be Chinese. The arbitration award shall be final and binding on all Parties.
- 7.3 Upon the occurrence of any disputes arising from the construction and performance of this Agreement or during the pending arbitration of any dispute, except for the matters under dispute, the Parties to this Agreement shall continue to exercise their respective rights under this Agreement and perform their respective obligations under this Agreement.

## **8 Miscellaneous**

- 8.1 This Agreement should become effective upon execution by the Parties, and shall expire upon the date of full performance by the Parties of their respective obligations under this Agreement.

- 8.2 This Agreement shall be written in both Chinese and English language in two copies, each Party having one copy with equal legal validity. In case there is any conflict between the Chinese version and the English version, the Chinese version shall apply.
- 8.3 This Agreement may be amended or supplemented through written agreement by and between Lender and Borrower. Such written amendment agreement and/or supplementary agreement executed by and between Lender and Borrower are an integral part of this Agreement, and shall have the same legal validity as this Agreement.
- 8.4 In the event that one or several of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any aspect in accordance with any laws or regulations, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or compromised in any respect. The Parties shall strive in good faith to replace such invalid, illegal or unenforceable provisions with effective provisions that accomplish to the greatest extent permitted by law the intentions of the Parties, and the economic effect of such effective provisions shall be as close as possible to the economic effect of those invalid, illegal or unenforceable provisions.
- 8.5 The attachments (if any) to this Agreement shall be an integral part of this Agreement and shall have the same legal validity as this Agreement.
- 8.6 Any obligations that occur or that are due as a result of this Agreement upon the expiration or early termination of this Agreement shall survive the expiration or early termination thereof. The provisions of Sections 4, 6, 7 and this Section 8.6 shall survive the termination of this Agreement.

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Loan Agreement as of the date first above written.

**Lender:** **Beijing Yangguang Gudi Science Development Co., Ltd.**

By: /s/ Haoyong Yang  
Name: Haoyong Yang  
Title: Legal Representative

**Borrower:** **Haoyong Yang**

By: /s/ Haoyong Yang

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**List of Principal Subsidiaries and Consolidated Affiliated Entities of 58.com Inc.\***

| <b>Subsidiaries:</b>  | <b>Place of Incorporation</b> |
|---|-------------------------------|
| China Classified Network Corporation  | British Virgin Islands        |
| China Classified Information Corporation Limited  | Hong Kong                     |
| Beijing Chengshi Wanglin Information Technology Co., Ltd.   | PRC                           |
| 58 Tongcheng Information Technology Co., Ltd.   | PRC                           |
| Ruiting Network Technology (Shanghai) Co., Ltd.   | PRC                           |
| Anjuke Inc.   | Cayman Islands                |
| 58.com Holdings Inc.  | British Virgin Islands        |
| Falcon View Technology  | Cayman Islands                |
| Beijing Yangguang Gudi Science Development Co., Ltd.  | PRC                           |
| <b>Consolidated Affiliated Entities and Their Subsidiaries:</b>   |                               |
| Beijing 58 Information Technology Co., Ltd.   | PRC                           |
| Shanghai Ruijia Information Technology Co., Ltd.  | PRC                           |
| 58 Co., Ltd.  | PRC                           |
| Beijing 58 Auto Technology Co., Ltd. (formerly known as Beijing Leftbrain Network Technology Co., Ltd.) | PRC                           |
| Beijing Shanjing Kechuang Network Technology Co., Ltd.  | PRC                           |
| <b>Unconsolidated Subsidiaries and Their Controlled Affiliates**</b>                                    |                               |
| 58 Daojia Inc.  | British Virgin Islands        |
| Beijing 58 Daojia Information Technology Co., Ltd.  | PRC                           |
| Tianjin 58 Daojia Life Services Co., Ltd.   | PRC                           |

\* The registrant has omitted from this list its other consolidated entities of the registrant that, in the aggregate, would not constitute a significant subsidiary as defined in Rule 1-02(w) of Regulation S-X as of December 31, 2015.

\*\* 58 Daojia Inc., or 58 Home, is the holding company of the PRC entities that operate 58 Home business. On November 27, 2015, 58 Daojia Inc. completed a Series A equity funding round, following which the Registrant holds 87.9% of the total outstanding ordinary shares of 58 Home and 61.7% of the total outstanding shares of 58 Home on an as-converted basis. As certain rights provided to the non-controlling Series A preferred shareholders of 58 Home would be viewed as substantive participating rights under U.S. GAAP, the Registrant has ceased consolidating the financial results of 58 Home in its consolidated financial statements in accordance with U.S. GAAP since November 27, 2015.

**Certification by the Principal Executive Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Jinbo Yao, certify that:

1. I have reviewed this annual report on Form 20-F of 58.com Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by this annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting;
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: May 13, 2016

By: /s/ Jinbo Yao

Name: Jinbo Yao

Title: Chief Executive Officer

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**Certification by the Principal Financial Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Hao Zhou, certify that:

1. I have reviewed this annual report on Form 20-F of 58.com Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting;
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent function):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: May 13, 2016

By: /s/ Hao Zhou

Name: Hao Zhou

Title: Chief Financial Officer

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**Certification by the Principal Executive Officer  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of 58.com Inc. (the "Company") on Form 20-F for the fiscal year ended December 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jinbo Yao, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 13, 2016

By: /s/ Jinbo Yao

Name: Jinbo Yao

Title: Chief Executive Officer

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**Certification by the Principal Financial Officer  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of 58.com Inc. (the "Company") on Form 20-F for the fiscal year ended December 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Hao Zhou, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 13, 2016

By: /s/ Hao Zhou

Name: Hao Zhou

Title: Chief Financial Officer

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CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (File No. 333-194873 and File No. 333-205011) of 58.com Inc. of our report dated May 13, 2016 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers Zhong Tian LLP  
Beijing, the People's Republic of China  
May 13, 2016

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[LETTERHEAD OF HAN KUN LAW OFFICES]

Date: May 13, 2016

**58.com Inc.**

Building 105, 10 Jiuxianqiao North Road Jia  
Chaoyang District  
Beijing 100015  
People's Republic of China

Dear Sir/Madam:

We hereby consent to the use of our name and the summary of our opinion under the captions, "Risk Factors" in Item 3, "Organizational Structure" in Item 4 and "Financial Information" in Item 8, included in the annual report of 58.com Inc. on Form 20-F for the fiscal year ended December 31, 2015 (the "Annual Report"), which will be filed with the Securities and Exchange Commission in the month of May 2016, and further consent to the incorporation by reference of the summaries of our opinions under these captions into Registration Statements on Form S-8 (File No. 333-194873 and File No. 333-205011) of 58.com Inc. We also consent to the filing with the SEC of this consent letter as an exhibit to the Annual Report.

Yours Sincerely,

/s/ Han Kun Law Offices

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