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Zhong Ao Home Group Limited

中奧到家集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1538)

ANNOUNCEMENT OF INTENTION TO CONDUCT ON-MARKET PURCHASE OF SHARES UNDER THE SHARE BUY-BACK MANDATE

This announcement is made by Zhong Ao Home Group Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company considers that the shares of the Company (“**Shares**”) have been trading at a level which significantly undervalues the Company’s fundamentals and growth prospects. On 16 February 2016, the Board resolved to exercise its discretionary power under the Share Buy-back Mandate (as defined below) to conduct on-market repurchase of Shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) during the period when the Share Buy-back Mandate is valid and subsisting (the “**Proposed Share Buy-back**”).

The shareholders of the Company had on 5 November 2015 granted a general unconditional mandate (the “**Share Buy-back Mandate**”) to the Board to exercise all powers of the Company to repurchase Shares up to 10% of the aggregate nominal amount of the issued share capital of the Company following completion of the Global Offering (as defined in the prospectus of the Company (the “**Prospectus**”) dated 13 November 2015) and Capitalisation Issue (as defined in the Prospectus), representing 80,000,000 Shares. The Share Buy-back Mandate will remain valid until the earliest of (a) the conclusion of the next annual general meeting of the Company; (b) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; and (c) the revocation or variation of the authority given under the Share Buy-back Mandate by the passing of an ordinary resolution of the shareholders of the Company in general meeting.

The Proposed Share Buy-back (including the timing and price at which it will be conducted and the quantity of Shares to be purchased thereunder) will be at the discretion of the Board, and subject to market conditions and compliance with the memorandum and articles of association of the Company, the Listing Rules, the Codes on Takeovers and Mergers and Shares Buy-backs and applicable laws and regulations. The Directors have no present intention to repurchase Shares to such an extent that will result in the Company being unable to meet the public float requirement as set forth in Rule 8.08 of the Listing Rules.

The Board believes that the Proposed Share Buy-back would increase the earnings per share for the benefits of the shareholders of the Company. The Board also believes that the Company is able to maintain sufficient financial resources to meet its operational requirements after the Proposed Share Buy-back, which will be funded by the Group's internal resources.

As the Proposed Share Buy-back is at the discretion of the Board and subject to market conditions, the Proposed Share Buy-back may or may not materialise. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

The Company currently expects to announce its results for the year ended 31 December 2015 on 23 March 2016.

By order of the Board of
Zhong Ao Home Group Limited
Yu Ho Ming
Company Secretary

Hong Kong, 16 February 2016

As at the date of this announcement, our executive directors are Mr. Liu Jian, Ms. Chen Zhuo, Mr. Liang Bing, Mr. Long Weimin, our non-executive directors are Mr. Wei Zhe, Ms. Wu Qimin, Mr. Lam Yiu Por, and our independent non-executive directors are Mr. Zhang Weilun, Mr. Lee Kwok Tung Louis, Mr. Yuan Boyin, and Mr. Wu Haibing.