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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)**

### **INSIDE INFORMATION**

#### **ANNOUNCEMENT — MEMORANDUM OF UNDERSTANDING IN RELATION TO A PROPOSED ACQUISITION**

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

#### **PROPOSED ACQUISITION**

On 23 March 2016, Guangdong Zhong Ao Property Management Company Limited (廣東中奧物業管理有限公司) (the “**Purchaser**”), an indirect wholly-owned subsidiary of the Company, entered into a memorandum of understanding (the “**MOU**”) with the shareholders of a China-based property management company (the “**Target Company**”) (the shareholders of the Target Company, together, the “**Sellers**”), on the potential acquisition of 100% of the equity interest in the Target Company (the “**Proposed Acquisition**”).

The Proposed Acquisition will initially be for 70% of the equity interest in the Target Company (“**Initial Acquisition**”), to be followed by the acquisition of a further 7.5%, 7.5%, 7.5% and 7.5% (together “**Subsequent Acquisitions**”) of the equity interest of the Target Company before April 30, 2017, April 30, 2018, April 30, 2019 and April 30, 2020, respectively.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Sellers is a third party independent of and not connected with the Company and its connected persons (as defined under the Listing Rules).

## **PRINCIPAL TERMS OF THE MOU:**

### **(i) Consideration**

Subject to the satisfaction of due diligence on the Target Company and the entering into of a binding sale and purchase agreement, the aggregate consideration for the Proposed Acquisition payable by the Purchaser will be RMB300,000,000 (equivalent to approximately HK\$358,000,000) in instalments. The consideration for the Initial Acquisition payable by the Purchaser will be RMB210,000,000 (equivalent to approximately HK\$250,800,000), being 70% of the aggregate consideration of the Proposed Acquisition. The consideration for each Subsequent Acquisition payable by the Purchaser is RMB22,500,000 (equivalent to approximately HK\$26,800,000), being 7.5% of the aggregate consideration of the Proposed Acquisition.

The consideration of the Proposed Acquisition was determined after arm's length negotiations between the parties.

### **(ii) Due Diligence Review**

Pursuant to the MOU, the Sellers will cooperate with the Purchaser to facilitate its legal and financial due diligence review on the Target Company, including providing all relevant information, documents and arrangement interviews of relevant personnel for due diligence purpose.

### **(iii) Exclusivity**

For a period of four months from the date of the MOU, the Sellers will not conduct negotiations and/or enter into any agreement and/or accept any offer with/from any other person or entity (whether such invitation to negotiations are made by the Sellers or other parties) for the purpose of selling the equity interest or assets of the Target Company.

### **(iv) Other Terms**

The MOU is non-legally binding, save for certain provisions regarding the exclusivity, costs and expenses, confidentiality, governing law and dispute resolution.

## **INFORMATION ON THE TARGET COMPANY**

The Target Company is a company incorporated in the PRC with limited liability. The Target Company is a property management company located in Zhejiang province, with 257 projects and approximately 19,457,000 square meters of gross floor area under management.

## **GENERAL**

As of the date of this announcement, all terms and conditions of the Proposed Acquisition are still being negotiated and no binding agreement has been entered into. The Proposed Acquisition, if materialise, will constitute a notifiable transaction of the Company under the Listing Rules. The Company will make further announcement in compliance with the requirements of the Listing Rules when definitive agreement in respect of the Proposed

Acquisition is entered into. **As the Proposed Acquisition may or may not materialise, shareholders and investors are reminded to exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

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

“Board”	the board of Directors;
“Company”	Zhong Ao Home Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the directors of the Company;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, will exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Purchaser”	Guangdong Zhong Ao Property Management Company Limited (廣東中奧物業管理有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong; and
“%”	percent.

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

Hong Kong, 23 March 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.*