

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 pursuant to the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

On 14 June 2016 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the MOU with the Sellers, pursuant to which the Purchaser agreed to acquire from the Sellers the entire equity interest in the Target Company in stages.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Sellers (each being an individual) is a third party independent of the Company and its connected persons.

PRINCIPAL TERMS OF THE MOU:

(i) Acquisition

The Proposed Acquisition is intended to be completed in three stages:

- (a) 85% of the equity interest of the Target Company for the first stage;
- (b) 10% of the equity interest of the Target Company for the second stage to be implemented within 60 days of the issue of the audited financial statements of the Target Company for the year ended 31 December 2016; and
- (c) the remaining 5% of the equity interest of the Target Company for the third stage to be implemented within 60 days of the issue of the audited financial statements of the Target Company for the year ended 31 December 2017.

(ii) Consideration

The consideration for the acquisition of the initial 85% equity interest of the Target Company will be based on RMB39,780,000, being the proportional value of the Target Company as determined by the parties after arm's length negotiations, and to be adjusted by the account receivable of the Target Company for the year ended 31 December 2014.

The consideration for the acquisition of the remaining interests in the Target Company will be based on a multiple of 6 times of the after-tax profits of the Target Company for the year preceding the acquisition attributable to the equity interest to be acquired.

(iii) Due Diligence Review

The Sellers will cooperate with the Purchaser to facilitate its legal and financial due diligence review on the Target Company.

(iv) Exclusivity

From the date of the MOU and up to 10 August 2016, 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.

(v) Other Terms

The MOU is non-legally binding other than the exclusivity provision.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the PRC with limited liability. The Target Company is principally engaged in property management located in Beijing, with 13 properties and approximately 1.6 million 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 for the Company under Chapter 14 of the Listing Rules. Further announcement will be made by the Company as and when appropriate in compliance with the Listing Rules when binding agreement in relation to the Proposed Acquisition is entered into. **As the Proposed Acquisition may or may not materialise, shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.**

DEFINITIONS

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

| | |
|------------------------|--|
| “Company” | Zhong Ao Home Group Limited, a company incorporated in the Cayman Islands with limited liability and 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; |
| “MOU” | the memorandum of understanding entered into between the Purchaser and the Sellers on 14 June 2016 in respect of the Proposed Acquisition; |
| “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; |
| “Proposed Acquisition” | the proposed acquisition of the entire equity interest in the Target Company by the Purchaser in stages; |
| “Purchaser” | 廣東中奧物業管理有限公司 (Guangdong Zhong Ao Property Services Co., Ltd.*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company; |
| “RMB” | Renminbi, the lawful currency of the PRC; |
| “Sellers” | three individuals who are the legal and beneficial owners of the entire issued share capital of the Target Company, each of whom is a third party independent of and not connected with the Company and its connected persons; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |

“Target Company” a limited liability company established in the PRC which is principally engaged in the business of property management;

“%” per cent.

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

Hong Kong, 14 June 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.

* *For identification purpose only*