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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)**

### **PROFIT WARNING**

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 Provision (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2016 (the “**Management Accounts**”), the profits attributable to owners of the Company for the year ended 31 December 2016 is expected to record a significant decline as compared with the same period in 2015 or may lead to a loss. Such decline was mainly caused by the significant increase in expenses attributable to the investments made by the Group in enlarging the customer base of online-to-offline (“**O2O**”) platform of the Group in order to develop its O2O business. Going forward, in order to mitigate the loss attributable to the development of the O2O business, the Group will consider introducing more stringent cost control measures to reduce the operating expenses of the O2O platform, such as outsourcing its operation, or exploring other feasible means in order to strive a balance between profitability, growth and building customer base in the O2O platform for the benefits of all stakeholders. **Shareholders of the Company and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the Management Accounts currently available. Such Management Accounts have not been audited or reviewed by the auditors or audit committee of the Company and that the actual results for the Group may be different from what is disclosed herein. The Group is still in the process of finalizing the final results of the Group for the year ended 31 December 2016. Shareholders and potential investors of the Company should read carefully the final results announcement of the Company for the year ended 31 December 2016, which is expected to be published in late March 2017.

This announcement is made by the order of the Board, of which the directors individually and jointly accept responsibility for the accuracy of the information contained in this announcement.

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

Hong Kong, 13 March 2017

*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, Mr. Zheng Dong, and our independent non-executive directors are Mr. Zhang Weilun, Mr. Lee Kwok Tung Louis, Mr. Yuan Boyin, and Mr. Wu Haibing.*