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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)

MAJOR TRANSACTION IN RELATION TO THE FURTHER ACQUISITION OF 7.5% OF THE TARGET COMPANY

Reference is made to the announcements of Zhong Ao Home Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 23 March 2016, 26 July 2016 and 15 September 2016 and the circular (the “**Circular**”) of the Company dated 26 August 2016 in relation to the Acquisition. Unless otherwise defined, capitalised terms used in this announcement shall bear the same meanings as those defined in the Circular.

Pursuant to the terms of the Joint Venture Agreement, the Vendors have provided a guarantee to the Purchaser that the adjusted net profit of the Target Company for each of the four financial years ending 31 December 2016, 2017, 2018 and 2019 will not be less than RMB32 million.

The Board would like to inform the Shareholders that the net profit of the Target Company for the financial year of 2016, based on the consolidated financial statements of the Target Company audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP Guangzhou Branch under the People’s Republic of China Generally Accepted Accounting Principles is approximately RMB32,215,000 and has met the guarantee provided by the Vendors to the Purchaser for the financial year of 2016.

Under the terms of the Joint Venture Agreement, the Purchaser will acquire from the Vendors further interests in the Target Company in four tranches of 7.5% each at a price of RMB22.5 million for each of the acquisition. The Acquisition and acquisition of further interests in the Target Company have been approved by the Shareholders at the EGM held on 15 September 2016.

On 29 June 2017, the Purchaser, an indirect non-wholly owned subsidiary of the Company, entered into an agreement with the Vendors pursuant to which the Vendors have agreed to sell and the Purchaser has agreed to purchase, 7.5% of the existing registered capital of the Target Company at a total consideration of RMB22.5 million (the “**Further Acquisition**”).

The consideration will be settled by cash through internal financial resources of the Company and will be payable by the Purchaser to the Vendors within three days after completion of change of business registration with the relevant authorities in the PRC. Completion of the Further Acquisition is unconditional and will take place on the date of payment of the consideration.

Upon completion of the Further Acquisition, the Purchaser will hold 77.5% of the registered capital of the Target Company, the Target Company will remain as a non wholly-owned subsidiary of the Company and the Target Group's financial results will continue to be consolidated into the consolidated financial statements of the Company.

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

Hong Kong, 29 June 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. Zheng Dong, and our independent non-executive directors are Mr. Zhang Weilun, Mr. Lee Kwok Tung Louis, Mr. Chan Wai Cheung, Admiral and Mr. Chan Ka Leung, Kevin.