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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)

DISCLOSEABLE TRANSACTION

BACKGROUND

On 5 December 2018, 蘇州工業園區建屋物業發展有限公司 (Suzhou Industrial Park House Construction Property Development Company Limited*) (the “**Target Company**”) made a tender at 蘇州產權交易所 (Suzhou Assets and Equity Exchange*) (the “**Suzhou Assets Exchange**”) to invite a strategic investor to invest not less than RMB56,300,000 into the Target Company and subscribe for 66% of the enlarged registered capital in the Target Company (the “**Tender**”).

Suzhou Assets Exchange is a governmental body set up by the Suzhou government for the provision of services in relation to state-owned assets including merger and acquisition, asset reorganisation and custody of operation rights with an aim to maximise the efficiency of asset allocation and minimise the loss in value of state-owned assets.

The Tender was conducted by way of a competitive bidding process. Suzhou Assets Exchange was responsible for the preparatory works for the Tender, including but not limited to inviting potential bidders to participate in the Tender and examining the qualification of the potential bidders.

According to the Tender, in the event that there would be only one bidder and the bidder would be able to meet the criteria set out in the Tender (including a minimum bid price of RMB56,300,000), such eligible bidder would be selected as the successful bidder.

Zhong Ao Home Group Limited (the “**Company**”) participated in the Tender by submitting the required documents to Suzhou Assets Exchange on 22 January 2019.

CONFIRMATION LETTER

The board of directors of the Company is pleased to announce that on 22 February 2019 (after trading hours of The Stock Exchange of Hong Kong Limited), the Company entered into a confirmation letter with the Target Company pursuant to which it was confirmed that (i) the Company was selected as the successful bidder in the Tender as the Company was the only eligible bidder fulfilling all the criteria set out in the Tender; and (ii) the investment amount to be made by the Company to the Target Company by way of capital injection is RMB56,300,000 (the “**Capital Injection**”).

The Company will enter into a capital injection agreement (the “**Capital Injection Agreement**”) with the Target Company and the existing shareholders of the Target Company within three business days after the date of the confirmation letter.

As the applicable percentage ratios (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) in respect of the Capital Injection are more than 5% but less than 25%, the Capital Injection will constitute a discloseable transaction on the part of the Company under the Listing Rules and is subject to the reporting and announcement requirements but exempt from shareholders’ approval requirement under Chapter 14 of the Listing Rules.

Further announcement will be made by the Company after the entering into of the Capital Injection Agreement in compliance with the requirements under the Listing Rules.

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

Hong Kong, 22 February 2019

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. Chan Wai Cheung, Admiral, Mr. Chan Ka Leung, Kevin and Mr. Huang Anxin.

** for identification purposes only*