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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)**

**FORMATION OF JOINT VENTURE COMPANY  
AND  
PROPOSED ISSUE OF UNLISTED WARRANTS  
UNDER SPECIFIC MANDATE**

**THE JV AGREEMENT**

The Board is pleased to announce that, on 9 January 2026, Guangdong Xunhua (a wholly-owned subsidiary of the Company) entered into the JV Agreement with Tokyo Universe, Mr. Li, Ms. Peng and Mr. Yan, pursuant to which Guangdong Xunhua and Tokyo Universe conditionally agreed to jointly establish a new joint venture company in the PRC. The JV Agreement outlines the rights and obligations of Guangdong Xunhua and Dongyu Technology as JV Shareholders and the structure and business operations of the JV Company. Upon completion of the establishment of the JV Company, the JV Company will be owned as to 51% by Guangdong Xunhua and 49% by Dongyu Technology.

Mr. Li, Ms. Peng and Mr. Yan are guarantors under the JV Agreement and they on a joint and several basis irrevocably undertake to Guangdong Xunhua to procure the due and punctual performance by Tokyo Universe of all the obligations expressed to be imposed on or assumed by it under the JV Agreement and undertake to indemnify and keep effectively indemnified Guangdong Xunhua against all liabilities, losses, damages, costs and expenses stipulated under the JV Agreement or otherwise which Guangdong Xunhua may suffer or incur in connection with any default or delay on the part of Tokyo Universe in the performance of such obligations.

## **PROPOSED ISSUE OF UNLISTED WARRANTS UNDER SPECIFIC MANDATE**

Subject to the terms and conditions of the JV Agreement, Guangdong Xunhua has conditionally agreed to procure the Company to issue 12,390,975 Warrants, 30,336,525 Warrants and 42,727,500 Warrants to Mr. Li, Ms. Peng and Mr. Yan, respectively (in aggregate a total of 85,455,000 Warrants), at the nominal consideration of HK\$1.00 in consideration of Tokyo Universe's performance of its obligations under the JV Agreement and the guarantee obligations of Mr. Li, Ms. Peng and Mr. Yan under the JV Agreement. Each Warrant carries the right to subscribe at any time during the Exercise Period for one Warrant Share at the Exercise Price of HK\$0.42 (subject to adjustment) per Warrant Share. The Warrant Shares to be allotted and issued upon exercise of the Exercise Rights attaching to the Warrants will be allotted and issued under the Specific Mandate. The Company will seek approval of the issue of Warrants and the grant of the Specific Mandate at the EGM.

## **LISTING RULES IMPLICATIONS**

As all the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the JV Agreement are less than 5%, the JV Agreement and the transactions contemplated thereunder are fully exempt from the requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 15.02(1) of the Listing Rules, the Warrant Shares to be issued upon exercise of the Warrants must not, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the total number of Shares in issue at the time the Warrants are issued. Options granted under share schemes which comply with Chapter 17 of the Listing Rules are excluded for the purpose of such limit.

As at the date of this announcement, the Company does not have any equity securities with subscription rights outstanding, the exercise of which will result in the issue of Shares. The proposed issue of the Warrants is in compliance with Rule 15.02(1) of the Listing Rules.

## **GENERAL**

The EGM will be convened and held to consider and, if thought fit, pass the requisite resolution(s) to approve, among other things, the proposed issue of the Warrants and the grant of the Specific Mandate for the allotment and issue of the Warrant Shares. A circular containing, among other things, further details relating to the proposed issue of the Warrants under the Specific Mandate and the notice of EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

**Shareholders and potential investors of the Company should note that the issue of Warrants is subject to the fulfillment of the conditions as disclosed in this announcement. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.**

The Board is pleased to announce that, on 9 January 2026, Guangdong Xunhua (a wholly-owned subsidiary of the Company) entered into the JV Agreement with Tokyo Universe, Mr. Li, Ms. Peng and Mr. Yan, pursuant to which Guangdong Xunhua and Tokyo Universe conditionally agreed to jointly establish a new joint venture company in the PRC. The JV Agreement outlines the rights and obligations of Guangdong Xunhua and Dongyu Technology as JV Shareholders and the structure and business operations of the JV Company.

## **THE JV AGREEMENT**

The principal terms of the JV Agreement are set out below.

Date: 9 January 2026

Parties: (i) Guangdong Xunhua;  
(ii) Tokyo Universe;  
(iii) Mr. Li;  
(iv) Ms. Peng; and  
(v) Mr. Yan.

Tokyo Universe is a company incorporated in Hong Kong with limited liability and is ultimately beneficially owned as to 14.5%, 35.5% and 50% by Mr. Li, Ms. Peng and Mr. Yan respectively as at the date of this announcement. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Tokyo Universe and its ultimate beneficial owners (including Mr. Li, Ms. Peng and Mr. Yan) are Independent Third Parties.

### **Structure and capital injection**

Upon the entering into of the JV Agreement, Guangdong Xunhua and Tokyo Universe agreed to jointly establish a new joint venture company, which shall be a company to be established in the PRC with limited liability and with a registered capital of RMB100,000, of which Guangdong Xunhua shall contribute 51% and Dongyu Technology shall contribute 49%.

Upon completion of the establishment of the JV Company, (i) the JV Company will be owned as to 51% by Guangdong Xunhua and 49% by Dongyu Technology; and (ii) the JV Company will be a 51% owned subsidiary of the Company, and its financial results will be consolidated into the consolidated financial statements of the Group.

## Business of the JV Company

The JV Company will engage in the business of AI-powered property management, building services operations, maintenance and repair services.

Pursuant to the JV Agreement, Tokyo Universe undertakes that it shall be responsible to contribute all working capital, personnel, and technology to the JV Company and Dongyu Technology shall be responsible for conducting the day to day business operations of the JV Company in accordance with the instructions of the board of directors of the JV Company. Tokyo Universe further undertakes that it shall transfer the relevant patents and/or technology (if applicable), which are necessary for the JV Company's business operations to the JV Company free of charge and complete all necessary transfer procedures.

Tokyo Universe (or Dongyu Technology) shall be responsible for establishing and managing the JV Company's operational team and Tokyo Universe shall ensure that the operational team will enter into service agreement(s) with the JV Company for a minimum period of two (2) years.

The operational team of JV Company will be led and managed by Mr. Yan and Mr. Liu Yufeng ("**Mr. Liu**"). The biographical details of Mr. Yan and Mr. Liu are as follows:

### **Mr. YAN Zheheng (嚴浙恒)**

Mr. Yan, aged 36, is an entrepreneur specialising in AI, internet of things ("IoT"), and smart community ecosystems, holding a master's degree in entrepreneurship from the University of Liverpool. He is the founder of 深圳市海豚機器人有限公司 (for transliteration purpose only, Shenzhen Dolphin Intelligent Service Co., Ltd.), where he developed an AI-driven property scheduling system. As general manager at 深圳市長藤科技有限公司 (for transliteration purpose only, Shenzhen Changteng Technology Co., Ltd.) from 2016 to 2021, he managed 1,000 car parks and achieved a 30% compound growth rate in revenue through AI upgrades and operational model innovation. He also founded 深圳市軟和區科技有限公司 (for transliteration purpose only, Shenzhen Ruanhequ Technology Co., Ltd.) in 2015, where he developed an IoT community service platform.

### **Mr. LIU Yufeng (劉玉峰)**

Mr. Liu, aged 43, has over 23 years of experience in property management and community services. He holds a bachelor's degree in management science from South China Normal University. He was a recognised expert with the Hubei Property Management Association from 2018 to 2023. He has been serving as a general manager at 深圳市建喬建築裝工程有限公司 (for transliteration purpose only, Shenzhen Jianqiao Construction Decoration Engineering Co., Ltd.) since October 2024, where he is in charge of operating community service stations. He served as the director of life services at 長城物業集團股份有限公司 (for transliteration purpose only, Chang Cheng Property Group Co., Ltd.) ("**Chang Cheng Property**") from May 2023 to September 2024, where he was responsible for private domain systems and performance management. Prior to his role as the director of life services, he held several management positions within the group of Chang Cheng Property from 2017 to 2023.

## **Management and operations of the JV Company**

The board of directors of the JV Company shall consist of three directors, of which two shall be nominated by Guangdong Xunhua and one shall be nominated by Dongyu Technology. The chairman of the board of directors of the JV Company shall be nominated by Guangdong Xunhua. The board meetings of the JV Company shall only be held in the presence of two JV Directors, one of which shall be a director nominated by Guangdong Xunhua. Each JV Director shall have one vote. Matters arising in any meeting of the board of directors of the JV Company shall be decided by a majority of votes. Guangdong Xunhua shall nominate the legal representative of the JV Company.

The business development, expansion plan and business strategy of the JV Company shall be decided, approved and passed by the board of directors of the JV Company and Dongyu Technology shall, in accordance with the instructions of the board of directors of the JV Company, be responsible for carrying out the daily business operations and managing all daily affairs (including the appointment of key business positions within the JV Company) of the JV Company. In addition, Dongyu Technology shall provide support in personnel management, including offering administrative expertise and employee training, as well as supporting the business operations and development of the JV Company.

The quorum of the JV Shareholders' meeting is two shareholders, one of which shall be Guangdong Xunhua. The chairman of the JV Shareholders' meeting shall be the chairman of the board of directors of the JV Company. Certain reserved matters of the JV Company, including but not limited to variation of rights of the shareholders of the JV Company, amendment of the articles of association of the JV Company and winding up of the JV Company are subject to the unanimous approval of all JV Shareholders.

## **Restriction on transfer of equity interests**

Unless with prior written consent of the other shareholder, a JV Shareholder may not transfer or sell to a third party all or part of its interests in the JV Company. Any transfer of interests of the JV Company shall be subject to the new shareholder executing a deed of adherence and complying with the terms and conditions of the JV Agreement.

## **Performance Target and Issue of Warrants**

Pursuant to the JV agreement, Tokyo Universe shall use its reasonable effort to ensure that the net profit after tax of the JV Company for FY2026 will reach the target of not less than RMB50 million.

Subject to compliance with the Listing Rules, in consideration of Tokyo Universe's performance of its obligations stipulated under the JV Agreement and the guarantee obligations of Mr. Li, Ms. Peng and Mr. Yan under the JV Agreement, Guangdong Xunhua has conditionally agreed to procure the Company to issue 12,390,975 Warrants, 30,336,525 Warrants and 42,727,500 Warrants to Mr. Li, Ms. Peng and Mr. Yan, respectively (in aggregate a total of 85,455,000 Warrants) at the nominal consideration of HK\$1.00. For details of the Warrants, please refer to the section headed "Issue of the Warrants" set out below in this announcement.

The issue of the Warrants is subject to the following conditions precedent:

- (a) the Shareholders shall have passed the requisite resolution(s) at the EGM approving the issue of the Warrants and the grant of the Specific Mandate for the allotment and issue of the Warrants Shares upon exercise of the Exercise Rights attached to the Warrants;
- (b) the Stock Exchange shall have granted the listing of, and permission to deal in, the Warrants Shares which fall to be allotted and issued upon the exercise of the Exercise Rights attached to the Warrants;
- (c) all necessary consents and approvals to be obtained on the Company in respect of the issue of the Warrants having been obtained; and
- (d) all necessary consents and approvals to be obtained on each of Mr. Li, Ms. Peng and Mr. Yan in respect of the acceptance of the Warrants having been obtained.

In the event that any of the conditions referred to above is not fulfilled on or before the Long Stop Date, Guangdong Xunhua has no obligation to procure the Company and the Company has no obligation to issue the Warrants. For the avoidance of doubt, the non-fulfilment of the above conditions will not affect the validity of the JV Agreement and the parties to the JV Agreement are required to continue to perform all the terms of the JV Agreement.

Upon fulfillment of the above conditions, Guangdong Xunhua will procure the Company to issue the Warrants to Mr. Li, Ms. Peng and Mr. Yan within seven (7) Business Days.

### **Profit Guarantee**

Pursuant to the JV agreement, Tokyo Universe has undertaken that the net profit after tax of the JV Company for FY2027 shall not be less than the actual net profit after tax recorded for FY2026.

If the net profit after tax for FY2027 is less than the net profit after tax for FY2026, Tokyo Universe shall compensate Guangdong Xunhua for such difference (the “**Shortfall Compensation**”) within one month after the issuance of the audited financial statements prepared in accordance with the PRC accounting standards of the JV Company. For the purpose of calculating the Shortfall Compensation, if a net loss after tax is recorded in either FY2026 or FY2027, the net profit after tax for that year shall be deemed to be zero.

### **Distribution of Profits**

Pursuant to the JV Agreement, the net profit after tax of the JV Company shall be distributed to Guangdong Xunhua and Dongyu Technology in proportion to their respective shareholdings in the JV Company.

In respect of FY2026, Tokyo Universe warrants and undertakes that (the “**Profits Distribution Undertaking**”):

- (i) if the net profit after tax of the JV Company is RMB30 million or more but less than RMB50 million, Dongyu Technology shall not receive all or part of the profits that it is entitled to from the JV Company and instead shall instruct the JV Company to distribute such profits to Guangdong Xunhua such that Guangdong Xunhua can receive profits distribution from the JV Company in the amount of not less than RMB30 million; and
- (ii) if the net profit after tax of the JV Company is RMB50 million or more, Dongyu Technology shall not receive all or part of the profits that it is entitled to from the JV Company and instead shall instruct the JV Company to distribute such profits to Guangdong Xunhua such that Guangdong Xunhua can receive profits distribution from the JV Company in the amount of not less than RMB50 million.

Tokyo Universe has further undertaken that if the JV Company records a net loss after tax in any financial year, Tokyo Universe shall fully compensate the JV Company for the full amount of such loss to ensure that the Group will not suffer any impact arising from the losses of the JV Company.

### **Guarantee Liability of Mr. Li, Ms. Peng and Mr. Yan**

Mr. Li, Ms. Peng and Mr. Yan are guarantors under the JV Agreement and they on a joint and several basis irrevocably undertake to Guangdong Xunhua to procure the due and punctual performance by Tokyo Universe of all the obligations expressed to be imposed on or assumed by it under the JV Agreement and undertake to indemnify and keep effectively indemnified Guangdong Xunhua against all liabilities, losses, damages, costs and expenses stipulated under the JV Agreement or otherwise which Guangdong Xunhua may suffer or incur in connection with any default or delay on the part of Tokyo Universe in the performance of such obligations.

### **Issue of the Warrants**

Subject to the terms and conditions of the JV Agreement, Guangdong Xunhua has conditionally agreed to procure the Company to issue 12,390,975 Warrants, 30,336,525 Warrants and 42,727,500 Warrants to Mr. Li, Ms. Peng and Mr. Yan, respectively, at the nominal consideration of HK\$1.00 in consideration of Tokyo Universe’s performance of its obligations and the guarantee obligations of Mr. Li, Ms. Peng and Mr. Yan under the JV Agreement. Each Warrant carries the right to subscribe at any time during the Exercise Period for one Warrant Share at the Exercise Price of HK\$0.42 (subject to adjustment) per Warrant Share. The Warrant Shares to be allotted and issued upon exercise of the Exercise Rights attaching to the Warrants will be allotted and issued under the Specific Mandate.

As a condition to obtaining the Warrants, Mr. Li, Ms. Peng and Mr. Yan being the Warrant Holders shall execute an acting in concert deed undertaking to act in concert with the controlling shareholder of the Company. Any Shares issued to Mr. Li, Ms. Peng and Mr. Yan upon exercise of the Warrants must be sold jointly and on a pro-rata basis with the controlling shareholder of the Company pursuant to the acting in concert deed.

## Principal Terms of the Warrants

The principal terms of the Warrants are set out as follows:

|                                    |  |
|------------------------------------|--|
| Issuer:                            | The Company  |
| Number of Warrants:                | Up to 85,455,000 Warrants, each Warrant carries the right to subscribe for one (1) Warrant Share   |
| Number of Warrant Shares issuable: | <p>The Warrant Holders will have the right to subscribe for up to 85,455,000 Warrant Shares at the Exercise Price per Warrant Share, representing:</p> <ul style="list-style-type: none"><li>(i) 10% of the total number of Shares in issue as at the date of this announcement; and</li><li>(ii) approximately 9.09% of the total number of Shares in issue as enlarged by the allotment and issue of the Warrant Shares upon full exercise of the Exercise Rights attaching to the Warrants (assuming there being no other changes in the total number of issued Shares).</li></ul>  |
| Exercise Period:                   | The period which shall commence after twelve (12) months from the date of issue of the Warrants and shall expire after forty-eight (48) months from the date of issue of the Warrants  |
| Subscription Price:                | at the nominal consideration of HK\$1.00   |
| Exercise Price:                    | <p>Subject to adjustment, the Exercise Price is HK\$0.42 per Warrant Share, which represents:</p> <ul style="list-style-type: none"><li>(i) equivalent to the closing price of HK\$0.42 per Share as quoted on the Stock Exchange on the date of the JV Agreement;</li><li>(ii) a premium of approximately 4.2% over the average of the closing prices per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days preceding the date of the JV Agreement of HK\$0.403; and</li><li>(iii) a premium of 5% over the average of the closing prices per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days preceding the date of the JV Agreement of HK\$0.40.</li></ul> |
|                                    | <p>The Exercise Price was determined after arm's length negotiation between the parties to the JV Agreement. The majority of the Directors are of the opinion that the Exercise Price is fair and reasonable.</p>  |

Adjustment to the Exercise Price:

The Exercise Price is subject to adjustment if there is an alteration of the nominal amount of each Share by reason of any consolidation or subdivision or re-classification.

Ranking of the Warrant Shares:

The Warrants Shares to be allotted and issued shall rank pari passu in all respects with the Shares in issue and in particular will have the right to receive all dividends or other distributions thereafter declared, paid or made on such Shares with reference to a record date occurring on or after the respective date of exercise of the Exercise Rights attaching to the Warrants.

Exercisable Conditions:

The exercise of the Exercise Rights by the Warrant Holders is subject to the following conditions

- (i) the Exercise Rights for all the Warrants shall not be exercisable if the audited net profit after tax of the JV Company for FY2026 is less than RMB30,000,000;
- (ii) the Exercise Rights shall only be exercised by each Warrant Holder to the extent of up to half of the total number of Warrants first registered in the name of such Warrant Holder in the register of Warrant Holders on the condition that the audited net profit after tax of the JV Company for FY2026 is not less than RMB30,000,000 and Tokyo Universe has fulfilled the Profits Distribution Undertaking; and
- (iii) the Exercise Rights for all the Warrants shall only be exercised on the condition that the audited net profit after tax of the JV Company for FY2026 is not less than RMB50,000,000 and Tokyo Universe has fulfilled the Profits Distribution Undertaking.

If the exercisable conditions are not fulfilled, the right of the Warrant Holder(s) to exercise the Warrants shall lapse and become null and void.

Exercise restrictions:

The Exercise Rights shall only be exercised on the condition that the exercise of the Exercise Rights and the allotment and issue of the Warrant Shares will not cause the public float of the Shares to be less than the minimum prescribed public float requirements as set out in Rule 13.32B of the Listing Rules.

Transferability:

The Warrants are not transferable.

Voting rights:

The Warrant Holders will not have any right to attend or vote at any meeting of the Company by virtue of them being the Warrant Holders. The Warrant Holders shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

Rights of the Warrant Holders on the liquidation of the Company:

If an effective resolution is passed during the Exercise Period for the voluntary winding-up of the Company, then:

- (i) if such winding-up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrant Holders, or some person designated by them for such purpose by special resolution of the Warrant Holders, shall be a party or in conjunction with which a proposal is made to the Warrant Holders and is approved by such special resolution, the terms of such scheme of arrangement or (as the case may be) proposal shall be binding on the Warrant Holders; and
- (ii) in any other case, the Warrant Holders shall be entitled at any time within six weeks after the passing of such resolution by irrevocable surrender of his/her/its Warrant certificate to the Company at its head office and principal place of business in Hong Kong with the subscription form(s) duly completed, together with payment of the Exercise Price, to elect to be treated as if he/she/it had immediately prior to the commencement of such winding-up exercised such of the Exercise Rights represented by his/her/its Warrant(s) as are specified in the subscription form(s) submitted by him/her/it and had on such date been the holder of the Shares to which he/she/it would have become entitled pursuant to such exercise and the Company and the liquidator of the Company shall give effect to such election accordingly. The Company shall give notice to the Warrant Holders of the passing of any such resolution within seven days after the passing thereof and such notice shall contain a reminder to the Warrant Holders with respect to his/her/its/their rights under this paragraph (ii) (to the extent applicable).

Subject to the foregoing, if the Company is wound up, all Exercise Rights which have not been exercised at the date of the passing of such resolution shall lapse and Warrant certificate shall cease to be valid for any purpose.

Listing:

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon exercise of the Exercise Rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

### **Specific Mandate to Issue the Warrant Shares**

The Warrant Shares will be issued under the Specific Mandate to be sought at the EGM.

### **REASONS FOR AND BENEFITS OF THE FORMATION OF JV COMPANY AND THE PROPOSED ISSUE OF WARRANTS**

The principal activity of the Company is investment holding. Its subsidiaries are primarily engaged in the provision of property management services, sales assistance services, provision of cleaning and greening services and provision of real estate agency services in the PRC.

The Group aims to launch AI business through the JV Company. The Company expects that the launch of this new business will contribute more operating income and profits to the Group, which is conducive to the continuous improvement of the Group's profitability. The formation of the JV Company will not only enable the Group to explore the business development, cooperation and investment opportunities in the area of AI business, it can also create comprehensive synergies by upgrading the Group's traditional, labor-intensive operations into a technology-driven ecosystem. By acting as a central intelligence hub, the AI unit will automate property management and cleaning workflows, significantly reducing reliance on manual labor and lowering operational costs through smart scheduling and predictive maintenance. Simultaneously, it empowers the real estate agency business by leveraging proprietary community data to drive precision marketing and higher sales conversions. This integration not only improves margins and service quality across all subsidiaries but also strategically repositions the Company from a standard service provider to a high-value property technology platform.

Unlike ordinary warrant issuances that are typically priced at market rates, the Warrants are structured as an incentive mechanism where their exercisability is strictly tied to the JV Company's financial performance and capital distribution. Mr. Li, Ms. Peng and Mr. Yan will only be able to realise value from the Warrants if and when the JV Company achieves a net profit after tax of at least RMB30,000,000 (for partial exercise) or RMB50,000,000 (for full exercise) for FY2026, coupled with the fulfillment of the Profits Distribution Undertaking. Therefore, the Warrant issuance structure shall mitigate undesirable dilution risks by ensuring that the Warrants are issued only in exchange for proven profitability and tangible cash returns. Issuing the Warrants at a nominal consideration of HK\$1 allows the Company to secure a binding commitment from Tokyo Universe to drive the JV Company's operational success and earnings growth, without the Company needing to immediately issue additional equity or incur debt obligations. The Company shall benefit from the Warrant issuance by leveraging Tokyo Universe and Dongyu Technology's operational expertise to

maximise the JV Company's financial output, ensuring that equity participation is strategic, performance-driven, and aligned with the Company's long-term objective of sustainable value creation.

The Directors consider that the issue of the Warrants will serve as a performance incentive for Tokyo Universe, who will be responsible for managing the business operations and operation expenses of the JV Company. It can also broaden the Shareholders and capital base of the Company and strengthen the Company's financial position to better equip the Group with financial flexibility and enable the Group to further develop its business. The issuing of the Warrants will not have any immediate dilution effect on the shareholdings of the existing Shareholders.

The Directors are confident that the issuance of the Warrants provides a robust, performance-based structure to align Tokyo Universe's interests with those of the Company. By issuing the Warrants at a nominal consideration of HK\$1 and tying their exercisability to a tiered mechanism based on the JV Company's financial performance, the Company minimises upfront dilution while securing a strong commitment from Tokyo Universe and Dongyu Technology to drive profitability.

Specifically, by conditioning the exercise of the Exercise Rights on the JV Company achieving an audited net profit after tax for FY2026 of at least RMB30,000,000 for partial exercise (up to 50%), or RMB50,000,000 (for full exercise), alongside the fulfillment of the Profits Distribution Undertaking, the Company ensures that the issuance of Warrants is strictly commensurate with the delivery of tangible financial results. Upon satisfaction of the exercisable conditions attached to the Warrants, the realised profits and guaranteed distributions will significantly improve the Company's financial position and enhance its credibility, opening doors to additional collaborations and investment opportunities.

Upon full exercise of the Warrants, the Company stands to receive proceeds equivalent to approximately HK\$35,891,000 (HK\$0.42 per Share x 85,455,000 Shares). This represents a substantial capital inflow that significantly outweighs the nominal HK\$1 Subscription Price, ensuring a net positive financial impact on the Company. This capital can be deployed to expand the Company's principal business, enhance product offerings, strengthen market position, and create long-term value for Shareholders.

The majority of the Board (including the independent non-executive Directors) is of the view that the JV Agreement (including the issue of the Warrants) has been entered into on normal commercial terms, and the terms of the JV Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **USE OF PROCEEDS**

Assuming the full exercise of the Exercise Rights attaching to the Warrants, it is expected that the gross and net proceeds of approximately HK\$35,891,000 and approximately HK\$35,000,000 will be raised, respectively. The net proceeds will be used for general working capital of the Group.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the exercise of the Exercise Rights attaching to the extent of half of the total number of the Warrants (assuming that there will be no further changes in the total number of Shares in issue prior to such exercise) and (iii) immediately after the full exercise of the Exercise Rights attaching to the Warrants (assuming that there will be no further changes in the total number of Shares in issue prior to such exercise) are as follows:

| Shareholders                           | As at the date of this announcement |                           |                    | Immediately after the exercise of the Exercise Rights attaching to the extent of half of the total number of the Warrants |                    |                           | Immediately after the full exercise of the Exercise Rights attaching to the Warrants |  |  |
|--|-------------------------------------|---------------------------|--------------------|---|--------------------|---------------------------|--|--|--|
|  | Number of Shares                    | Approx. % of shareholding | Number of Shares   | Approx. % of shareholding   | Number of Shares   | Approx. % of shareholding |  |  |  |
| <i>Substantial shareholders</i>        |                                     |                           |                    |   |                    |                           |  |  |  |
| Qichang International Limited (Note 1) | 475,314,000                         | 55.62                     | 475,314,000        | 52.97   | 475,314,000        | 50.57                     |  |  |  |
| Greentown Service Group Co. Ltd.       | 159,571,300                         | 18.67                     | 159,571,300        | 17.78   | 159,571,300        | 16.97                     |  |  |  |
| Mr. Li (Note 2)                        | —                                   | —                         | 6,195,488          | 0.69  | 12,390,976         | 1.32                      |  |  |  |
| Ms. Peng (Note 2)                      | —                                   | —                         | 15,168,262         | 1.69  | 30,336,524         | 3.23                      |  |  |  |
| Mr. Yan (Note 2)                       | —                                   | —                         | 21,363,750         | 2.38  | 42,727,500         | 4.54                      |  |  |  |
| Other public Shareholders (Note 2)     | 219,664,700                         | 25.70                     | 219,664,700        | 24.48   | 219,664,700        | 23.37                     |  |  |  |
| <b>Total</b>                           | <b>854,550,000</b>                  | <b>100</b>                | <b>897,277,500</b> | <b>100</b>  | <b>940,005,000</b> | <b>100</b>                |  |  |  |

### Notes:

1. Dawngate Limited holds 40% of the issued share capital of Qichang International Limited and is taken to be interested in all shares of the Company held by Qichang International Limited for the purposes of Part XV of the SFO. Dawngate Limited is wholly and beneficially owned by Mr. Liu Jian, an executive Director and Mr. Liu Jian is taken to be interested in all shares of the Company held by Qichang International Limited for the purposes of Part XV of the SFO.
2. Pursuant to the exercise restrictions of the Warrants, the Exercise Rights shall only be exercised on the condition that the exercise of the Exercise Rights and the allotment and issue of the Warrant Shares will not cause the public float of the Shares to be less than the minimum prescribed public float requirements as set out in Rule 13.32B of the Listing Rules. Therefore, the shareholding structures of the Company (i) immediately after the exercise of the Exercise Rights attaching to the extent of half of the total number of the Warrants; and (ii) immediately after the full exercise of the Exercise Rights attaching to the Warrants set out in the above table are for illustration purpose only.
3. Certain percentage figures in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not carried out any equity fund raising activities during the past 12 months immediately preceding the date of this announcement.

## **LISTING RULES IMPLICATIONS**

As all the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the JV Agreement are less than 5%, the JV Agreement and the transactions contemplated thereunder are fully exempt from the requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 15.02(1) of the Listing Rules, the Warrant Shares to be issued upon exercise of the Warrants must not, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the total number of Shares in issue at the time the Warrants are issued. Options granted under share schemes which comply with Chapter 17 of the Listing Rules are excluded for the purpose of such limit.

As at the date of this announcement, the Company does not have any equity securities with subscription rights outstanding, the exercise of which will result in the issue of Shares. The proposed issue of the Warrants is in compliance with Rule 15.02(1) of the Listing Rules.

## **GENERAL**

The EGM will be convened and held to consider and, if thought fit, pass the requisite resolution(s) to approve, among other things, the proposed issue of the Warrants and the grant of the Specific Mandate for the allotment and issue of the Warrant Shares.

A circular containing, among other things, further details relating to the proposed issue of the Warrants under the Specific Mandate and the notice of EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

**Shareholders and potential investors of the Company should note that the issue of Warrants is subject to the fulfillment of the conditions as disclosed in this announcement. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

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

|                 |   |
|-----------------|---|
| “AI”            | artificial intelligence   |
| “Board”         | the board of Directors  |
| “Business Days” | the days on which licensed banks in Hong Kong are open for business during their usual business hours (excluding Saturdays) |

|                       |  |
|-----------------------|--|
| “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 (stock code: 1538)   |
| “connected person(s)” | has the meaning ascribed thereto in the Listing Rules  |
| “Director(s)”         | director(s) of the Company   |
| “Dongyu Technology”   | Dongyu Pioneer Technology (Shenzhen) Company Limited 東宇領先科技(深圳)有限公司, a company established in the PRC with limited liability and a wholly-owned subsidiary of Tokyo Universe   |
| “EGM”                 | the extraordinary general meeting of the Company to be convened to consider, and if thought fit, to approve (i) the issue of the Warrants; and (ii) the grant of the Specific Mandate  |
| “Exercise Period”     | the period which shall commence after 12 months from the date of issue of the Warrants and shall expire after 48 months from the date of issue of the Warrants   |
| “Exercise Price”      | a price of HK\$0.42 per Warrant Share (subject to adjustment) at which the Warrant Holders may subscribe for the Warrant Shares  |
| “Exercise Rights”     | the rights of the Warrant Holders represented by the Warrants to subscribe for Shares pursuant to the Warrants, and, in relation to each Warrant, means the rights of the Warrant Holders in respect of such Warrant to subscribe for one Share pursuant to such Warrant |
| “FY2026”              | the financial year ending 31 December 2026   |
| “FY2027”              | the financial year ending 31 December 2027   |
| “Group”               | the Company and its subsidiaries   |
| “Guangdong Xunhua”    | 廣東迅華電氣技術股份有限公司 (for transliteration purpose only, Guangdong Xunhua Electric Technology Co., Ltd.), a company established in the PRC and a wholly-owned subsidiary of the Company   |
| “Hong Kong”           | the Hong Kong Special Administrative Region of the People’s Republic of China  |

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|--------------------------------|--|
| “Independent Third Party(ies)” | any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules |
| “JV Agreement”                 | the joint venture agreement entered into among Guangdong Xunhua, Tokyo Universe, Mr. Li, Ms. Peng and Mr. Yan dated 9 January 2026 in relation to the formation of the JV Company  |
| “JV Company”                   | a limited liability company to be jointly established by Guangdong Xunhua and Dongyu Technology in the PRC pursuant to the JV Agreement  |
| “JV Director(s)”               | the director(s) of the JV Company  |
| “JV Shareholder(s)”            | the shareholder(s) of the JV Company   |
| “Listing Committee”            | the listing sub-committee of the board of the Stock Exchange   |
| “Listing Rules”                | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Long Stop Date”               | 31 March 2026 or such later date as may be agreed by the parties to the JV Agreement   |
| “Mr. Li”                       | Mr. Li Lixin   |
| “Mr. Yan”                      | Mr. Yan Zheheng  |
| “Ms. Peng”                     | Ms. Peng Zhen  |
| “PRC”                          | the People’s Republic of China   |
| “RMB”                          | Renminbi, the lawful currency of the PRC   |
| “Share(s)”                     | ordinary share(s) of HK\$0.01 each in the share capital of the Company   |
| “Shareholder(s)”               | holder(s) of the issued Share(s)   |
| “Specific Mandate”             | a specific mandate to be sought from the Shareholders at the EGM for the allotment and issue of the Warrant Shares upon the exercise of the Exercise Rights attaching to the Warrants  |
| “Stock Exchange”               | The Stock Exchange of Hong Kong Limited  |

|                      |  |
|----------------------|--|
| “Subscription Price” | at the nominal consideration of HK\$1.00   |
| “Tokyo Universe”     | Tokyo Universe Technology Limited (東宇科技有限公司), a company incorporated in Hong Kong with limited liability   |
| “Warrant(s)”         | an aggregate of 85,455,000 unlisted warrants to be issued by the Company at the Subscription Price, each warrant entitles the holder thereof to subscribe for one Warrant Share at the Exercise Price (subject to adjustment) at any time during the Exercise Period |
| “Warrant Holder(s)”  | the holder(s) of the Warrants  |
| “Warrant Share(s)”   | an aggregate of 85,455,000 new Shares to be issued by the Company upon the full exercise of the Exercise Rights attaching to the Warrants  |
| “HK\$”               | Hong Kong dollars, the lawful currency of Hong Kong  |
| “%”                  | per cent.  |

By order of the Board  
**Zhong Ao Home Group Limited**  
**LIU Jian**  
*Chairman and Executive Director*

Hong Kong, 9 January 2026

*As at the date of this announcement, our executive directors are Mr. Liu Jian, Ms. Chen Zhuo, Mr. Liang Bing and Mr. Long Weimin, our non-executive directors are Ms. Jin Keli and Ms. Xu Yaping, and our independent non-executive directors are Mr. Chan Wai Cheung, Admiral, Mr. Chan Ka Leung, Kevin and Mr. Yang Jianpeng.*