

## Chairman's Letter to Shareholders

24 July 2017

Dear Shareholders

I am writing to invite you, as a shareholder of Kingform Health Hometextile Group Limited ACN 153 801 766 (Kingform) to attend the Annual General Meeting on Friday, 25 August 2017. You are cordially invited to attend.

The meeting will be held at 15 Bond Street, Caulfield North, Victoria, 3161, Australia. The meeting will begin at 1:30 (Australian Eastern Standard Time or AEST) with registration available from 1:00pm (AEST).

The AGM is an important event for Kingform and provides shareholders with an opportunity to receive an update on Kingform's performance during the year, to ask questions of the Board, Management and the company's Auditors and to vote on items of business before the Meeting.

Enclosed is the Notice of Annual General Meeting, together with the Proxy Form. If you are attending the AGM please bring your personalized Proxy Form with you to promptly register your attendance.

If you are unable to attend the AGM, you can lodge your proxy vote or appoint a proxy to attend and vote on your behalf at the AGM by completing the enclosed Proxy Form and returning it to Kingform's registered office: Kingform Health Hometextile Group Limited, Unit 101, 15 Bond Street, Caulfield North, Victoria, 3161, Australia.

The Notice of Meeting commences on page 2, listing the items to be considered at the meeting. Background information on Items is contained in the Explanatory Memorandum.

Resolution 4 is a non-binding resolution that shareholders adopt the Remuneration Report that can be found on pages 9 to 11 in the Annual Report 2015. I would encourage you to review the detailed account of the Company's remuneration policy as set out in this report.

The Board and I look forward to seeing you at the AGM.

**Yours sincerely,**



**Xikang Jin**  
CHAIRMAN



## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting Kingform Health Hometextile Group Limited ACN 153 801 766 (Company ) will be conducted at the following time and location:

Date: Friday, 25 August 2017

Time: 1:30pm (AEST)

Place: 15 Bond Street, Caulfield North, Victoria, 3161, Australia

The Explanatory Memorandum that accompanies and forms part of this Notice of Annual General Meeting sets out the background and describes the matters to be considered as ordinary business.

This Notice of Annual General Meeting and Explanatory Memorandum should be read in their entirety.

The Proxy Form is enclosed.

## Agenda

### Receipt of Annual Report

To receive and consider the Financial Report of the Company for the year ended 30 June 2015, together with the Directors' report in relation to that financial year and the Auditor's Report on the Annual Financial Report.

### Resolution 1 :Re-election of Mr Xun Yang as a Director of the Company

To consider and, if thought fit to pass, with or without amendment, the following resolution as an ordinary resolution of the Company:

*"That Xun Yang, who retires in accordance with the Company's Constitution and, being eligible and having offered himself for re-election, is re-elected as a Director of the Company."*

### Resolution 2: Election of Mr Xiaofei Wei as a Director of the Company

To consider and, if thought fit to pass, with or without amendment, the following resolution as an ordinary resolution of the Company:

*"That Mr Xiaofei Wei, who has been appointed by the Board as a Director of the Company since last Annual General Meeting, and being eligible, be elected as a Director of the Company."*

### **Resolution 3: Appointment of Auditor**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“THAT, subject to ASIC accepting the resignation of BDO Audit (WA) Pty Ltd as the Company’s auditor, ShineWing Australia, being qualified to act as auditor of the Company and having consented to act as auditor of the Company, be appointed as the auditor of the Company.”*

### **Resolution 4: Adopting of Remuneration Report (Non-binding resolution)**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **advisory resolution**:

*“That, for the purposes of section 250R(2) of the Corporations Act 2001, the remuneration report for the Company for the financial year ended 30 June 2015 be adopted.”*

Short Explanation: Under section 250R(2) of the Corporations Act, at the annual general meeting of a listed company a resolution that the remuneration report be adopted must be put to a vote. The vote on this resolution is advisory only and will not bind the Directors or the Company.

### **Other business**

To consider any other business that may be brought in accordance before the AGM in accordance with the Constitution and the Corporations Act.

### **By Order of the Board**

## How to Vote

Shareholders can vote by either:

- attending the meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this notice of AGM and by submitting their proxy appointment and voting instructions in person or by post.

### In person (or by attorney)

Shareholders, or their attorneys, who plan to attend the meeting are asked to arrive at the venue 30 minutes prior to the time designated for the meeting, if possible, so that their holding may be checked against the Company's share register and attendance recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the Meeting.

### Corporation Representatives

Any corporate member of the Company who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

### Lodgement of Proxy

Shareholders, who are unable to attend the meeting, are encouraged to appoint a proxy to attend and vote on their behalf. If shareholders wish to appoint a proxy, they should complete the enclosed Proxy Form.

To be valid, the instrument appointing a proxy must be lodged, and any power of attorney or an office copy of a notarially certified copy thereof under which an attorney for a member appoints a proxy must be lodged, at the registered office of the Company, or received by fax not less than forty eight (48) hours before the time appointed for the Meeting or adjourned meeting.

The completed form of proxy must be mailed or delivered to Kingform Health Hometextile Group Limited, at Unit 101, 15 Bond Street, Caulfield North, Victoria, 3161, Australia.

Further details in respect of the proxies and resolutions to be put to the meeting are set out in the accompanying Explanatory Memorandum.

## **Explanatory Memorandum**

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of AGM of the Company.

The Board are not aware of any other information which is relevant to the consideration by the members of the proposed Resolutions which are detailed in the Notice, other than as set out in this Explanatory Memorandum.

### **1. Financial Reports**

As required by section 317 of the Corporations Act 2001 (Cth), the financial statements for the financial year ended 30 June 2015 together with the statement and report by the Directors and the report by the Auditor will be laid before the Meeting.

Shareholders will be provided with a reasonable opportunity to ask questions about, and make comments on, the reports the business, operations, financial performance and management of the Company.

The Chairman will also provide Shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the independent audit report;
- the accounting policies adopted by the Company in relation to the preparation of accounts; and
- the independence of the Auditor in relation to the conduct of the audit.

However, there will be no formal resolution put to the Meeting in relation to this matter.

### **2. Re-election of Director, Mr Xun Yang**

Mr Xun Yang, is retiring by rotation under Rule 79.1 of the Company's Constitution. This rule states that no Director may hold office for a continuous period in excess of 3 years or past the third annual general meeting following the Director's appointment, whichever is the longer, without submitting for re-election. Mr Xun Yang is eligible for election under Rule 79.1 and offers himself for re-election as a director of the Company.

The Directors are supportive of Mr Xun Yang's re-election because of the skills and contributions he brings to the Board. A profile of Mr Xun Yang is as follows:

#### **Mr Xun Yang**

Mr Yang is a Qualifications Bachelor of Business (Accountancy) from RMIT. He is the owner and director of Advancetex Agencies, which is a sourcing agent on behalf of a number of importing companies. He worked as the



Experience Sales executive at Vinetex & Co Pty Ltd, an indent agent in Australia which represents Chinese textile exporters. And he was employed by Provincial Clothing Pty Ltd as the Finance manager, which is an importer and wholesaler of mens' clothing. Mr Yang is also a Director of Madison Skye Pty Ltd, which is an importer and wholesaler of menswear and work wear products.

The Board recommends, with Xun Yang abstaining with respect to his own Resolution, that shareholders vote in favour of Resolution 1.

### **3. Election of Director, Mr Xiaofei Wei**

The Board's policy on Board composition is to ensure that at all times and through succession planning there will be an appropriate mix of skills and experience so as to provide, on an ongoing basis, the necessary breadth and depth of knowledge which is required to meet the Company's responsibilities and objectives.

Mr Xiaofei Wei, having been appointed by the Board since the last Annual General Meeting and being eligible, offers himself for election. The Company's Constitution advises that any director appointed under this rule may hold office only until the next annual general meeting and is then eligible for election at that meeting.

The Directors are supportive of Mr Wei's election because of the skills and diversity he may bring to the company. A profile of Mr Xiaofei Wei is as follows:

#### **Mr Xiaofei Wei**

Mr Xiaofei Wei has significant experience in machinery manufacturing, energy, robot and heavy industrial operations in Australia and Asia. During his 7 year career at Metso and GE, Mr Wei held senior management roles in Australia and China. Most recently, he served as Project Manager of the Metso .

The Board (in the absence of Mr Wei), having reviewed Mr Wei's performance, unanimously recommends that members vote in favour of Resolution 2.

### **4. Appointment of Auditor**

For the purposes of section 327 of the Corporations Act, Shareholder approval is sought to appoint, subject to receipt of consent from ASIC, ShineWing Australia ("SWA") as the new auditor of the Company, following the resignation of BDO Audit (WA) Pty Ltd ("BDO").

Resolution 3 is required to fill the vacancy created by the resignation of BDO as the Company's auditor.

In accordance with section 328B of the Corporations Act, notice in writing nominating ShineWing Australia has been given to the Company by a shareholder. A copy of this notice is included in this Notice of Meeting as Annexure A.

The Board supports the appointment of ShineWing Australia as the Company's auditor and recommends that Shareholders vote in favour of Resolution 3.

If Resolution 3 is passed, and ASIC consents to the resignation of BDO as the Company's auditor, then the appointment of ShineWing Australia as the Company's auditor will take effect as the close of this Meeting, or receipt of ASIC consent of BDO's resignation.

## **5. Remuneration Report**

Section 250R of the Corporations Act 2001 (Cth) requires that the Company's shareholders vote on whether or not the Remuneration Report should be adopted. In accordance with the Corporations Act, this vote is advisory only and the outcome will not be binding on the Directors or the Company. However, the Directors will have regard to the outcome of the vote and any discussion on this item of business when setting the Company's remuneration policies.

Under changes to the Corporations Act which came into effect on 1 July 2011, if the Remuneration Report receives a "no" vote of at least 25% at the Meeting, and then again at the next Annual General Meeting, a resolution must be put to security holders at the next Annual General Meeting as to whether another meeting of security holders should be held within 90 days at which all Directors (other than the Chief Executive Director) who were in office at the date of the relevant Directors' Report must stand for re-election.

The Remuneration Report sited in the Directors' Report section of the Company's Annual Report (pages 9 to 11), explains the Board policies in relation to the nature and level of remuneration paid to directors, including the Chief Executive Director, and Kingform staff. The Chairman of the meeting will allow a reasonable opportunity for shareholders to ask questions about, or make comments on, the Remuneration Report at the meeting. In addition, shareholders will be asked to vote on the Remuneration Report.

### **Voting on Resolution 4**

In accordance with the Corporations Act, the Company will disregard any votes cast (in any capacity) on Resolution 4 or on behalf of a member of the of the Company's Key Management Personnel details of whose remuneration are included in the 2015 Remuneration Report for the Company, and their Closely Related Parties.

However, the Company will not disregard a vote cast on Resolution 4 by the Company's Key Management Personnel or their Closely Related Parties if:

- it is cast by a person as a proxy appointed in writing by a person entitled to vote that specifies how the proxy is to vote on Resolution 4; and
- it is cast by the person chairing the Meeting as an undirected proxy which expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

## 6. Proxy Information

A Shareholder entitled to attend and vote at the Meeting is entitled to appoint not more than 2 proxies. The Proxy Form to be used is to be read in conjunction with, and accompanies this Notice.

Shareholders are notified that:

- a member who is entitled to attend and cast a vote at the meeting may appoint a proxy to attend and vote for the member;
- the appointment may specify the proportion or number of votes that the proxy may exercise;
- a member who is entitled to cast two or more votes at the meeting may appoint two proxies and may specify the proportion or number of votes each proxy is entitled to exercise. If you appoint two proxies and the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes; and
- a proxy may be an individual or a body corporate and need not be a member of the Company. The proxy form must be signed by the member or the member's attorney. Proxies given by corporations must be executed by the corporation in accordance with the Corporation Act. The body corporate will need to ensure that it appoints an individual as corporate representative and provides satisfactory evidence of that appointment.

A member may choose whether or not to direct the proxy to vote. If the member does not direct the proxy how to vote on each Resolution, the proxy may vote as the proxy sees fit on the Resolutions, for which the proxy is not directed (subject to the exceptions set out above under “**Important Voting Information**” below)..

Any directed proxies that are not voted on a poll at the meeting by a shareholder's appointed proxy will automatically default to the Chairman of the Meeting, who is required to vote proxies as directed on a poll.

To be valid, the completed form of proxy must be mailed to Kingform Health Hometextile Group Limited, at Unit 101, 15 Bond Street, Caulfield North, Victoria, 3161, Australia. Proxies must be received no later than 48 hours before the commencement of the Meeting.

Prior to making any decision, members may wish to seek advice from their own independent financial adviser or stockbroker as to the effect of the proposed Resolutions.

### ***Important Voting Information***

The Company encourages all Shareholders who submit proxies to direct their proxy how to vote on the Resolutions.

If Shareholders intend to appoint the Chairman as the proxy, he can be directed how to vote by ticking the relevant box next to each item on the Proxy Form (i.e. 'for', 'against' or 'abstain'). If the Chairman is not directed how to vote on Resolutions, he intends to vote all undirected proxies in favour of each Resolution. However, the



Chairman of the Meeting is not permitted to vote an undirected proxy on Resolution 3 (Remuneration Report) unless the proxy expressly authorises the Chairman to exercise the proxy in respect of that Resolution even if it is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel.

In respect of Resolution 4, if you intend to appoint a member of the KMP (such as one of the Directors) or a Closely Related Party as your proxy, please ensure that you direct them how to vote on that Resolution. If you intend to appoint the Chairman as your proxy for Resolution 4, you can direct the Chairman how to vote by marking the appropriate box for that Resolution. Alternatively, in relation to the Chairman, you can choose not to mark a box and give your express authority to exercise an undirected proxy even if the Resolution concerned is connected directly or indirectly with the remuneration of a member of the KMP (in which case, as outlined above, the Chairman will vote in favour of Resolution 4.

If the Directors or another Key Management Personnel (other than the Chairman) or a Closely Related Party is your proxy, and you fail to provide a voting direction in respect of Resolution 4, your vote will not be cast in respect of that Resolution.

## **7. Voting Entitlement**

For the purpose of determining a person's entitlement to vote at the Meeting, a person will be recognised as a member and the holder of ordinary shares if that person is registered as a holder of Shares at 7:00pm (AEST) on Friday, 23 August 2017. Accordingly, Share transfers registered after that time will be disregarded in determining a Shareholder's entitlement to attend and vote at the Meeting.

## **8. Admission to meeting**

Shareholders who will be attending the meeting, and who will not be appointing a proxy, are asked to bring the proxy form to the meeting to help speed admission.

Shareholders who do not plan to attend the meeting are encouraged to complete and return the proxy form for each of their holdings of shares.

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of AGM of the Company.

The Board are not aware of any other information which is relevant to the consideration by the members of the proposed Resolutions which are detailed in the Notice, other than as set out in this Explanatory Memorandum.

## GLOSSARY

**AEST** means Australian Eastern Standard Time.

**AGM or Meeting** means the annual general meeting of Shareholders convened by this Notice for the purposes of considering the Resolutions.

**Annual Report** means the annual report of the Company for the year ended 30 June 2015.

**Board** means the board of Directors of the Company.

**Chairman** means the person chairing the Meeting.

**Company or Kingform** means Kingform Health Hometextile Group Limited ACN 153 801 766.

**Constitution** means the constitution of the Company.

**Corporations Act** means the Corporations Act 2001 (Cth).

**CST** means China Standard Time.

**Director** means a director of the Company.

**Key Management Personnel** has the meaning given in the Accounting Standards.

**Notice** means the notice of Annual General Meeting which accompanies this Explanatory Memorandum.

**Proxy Form** as attached to this Notice.

**Resolution** means a resolution proposed pursuant to the Notice.

**Shareholder** means a registered holder of a Share of Kingform.



## **Annexure A – Notice of Nomination (Auditor)**

The Board of Directors

Kingform Health Hometextile Group Limited

Unit 101, 15 Bond Street

Caulfield North VIC 3161

17 July 2017

Dear Directors,

### **Notice of Nomination of Auditor - Kingform Health Hometextile Group Limited**

I, the undersigned, being a member of Kingform Health Hometextile Group Limited (the Company) hereby nominates ShineWing Australia for appointment as auditors of the company.

This is to be taken to be as notice pursuant to section 328B(1) of the Corporations Act 2001 (Cth).

**Yours faithfully**

**Xikang Jin**