

24 August 2017

### **ASX Announcement**

Kingform Health Hometextile Group Ltd. ( ASX: KFG, the 'Company' ) has been advised to demonstrate to ASX its compliance with listing rule 12.1 and all other listing rule compliance from listing to date.

Listing Rule 12.1 (On-going requirements of the ASX Listing Rules) provides that the level of an entity's operations must, in the ASX's opinion, be sufficient to warrant the continued quotation of the entity's securities and its continued listing.

The Company here advises as follows in relation to the activities of KFG, and addresses that the Company has much activity and operations to comply with the requirements under Listing Rule 12.1.

### **Profile of the Company**

The company is an Australian registered public company and was admitted to the Official List of the ASX on 5 Jun 2012. KFG is the ultimate holding company of Zhejiang Kangbao Household Textiles Co., Ltd, an operating company located in Tongxiang City, Zhejiang province in China. Kangbao operates a manufacturing plant of sixteen thousand square meters, which covers an area of over twenty-one thousand square metres strategically located in the heart of silkworm cocoon cultivation in China, and employs more than 80 permanent workers. The Company's operations extend to the design, development, manufacturing and distribution of a large range of household textile products including quilts, cushions, bed sets products, quilted products, blankets and other textile gift products.

Our manufacturing plant in PRC has strict quality controls in place to ensure that all products meet the high standards required by the Company. The Kangbao manufacturing plant has received ISO9001:2008, Oeko-Tex Standard 100 international quality control certification Class I (for baby and child) and Class II and BSCI corporate social responsibility certification.

The company now sells parts of its own brand products in some of the largest retail stores in China, as well as exporting majority of the company's products directly to overseas retailers and distributors including Australia.

### **Current Operation and Activities in the global market**

Hometextile products are both necessities and every-day consumptions, with great market potential. Kingform is strategically focused on the growth and premium segment of the home

textile market in China and overseas. The company aims to expand its distribution channels, increase exports to countries around the world including Australia. The company has already opened new "experience" stores, developed new online marketing and sale platforms (with one platform established and came into use: <http://www.kingform.com/>), to increase sales of its own brand products,

Over the past three years, Kingform's annual sale averaged more than RMB 33.6 million (equivalent to AU\$ 6.71 million at the foreign exchange rate at 1 July 2014 to 30 June 2017 average).

From the beginning of 2012, Kingform has opened several direct experience stores in China. It will be beneficial to the company's brand promotion, enhance brand awareness, and increase sales volume. The product gross profit margin will increase. Furthermore, Kingform will open more direct retail outlets in the future and expand the online direct channel.

KFG marketing managers attend trade fairs and visit clients in Australia, America, Europe and Asia every year, making great efforts to get direct contact with customers, to expand business scope, to consolidate existing customers and find new customers, to expand market share and prompt steady development of the company.

Yours sincerely

Kingform Health Hometextile Group LTD



Xikang Jin  
Chairman