

25 August 2017

**ASX Announcement**

**Current Operation and Activities in Australia**

The Company mainly sells all kinds of household textiles to retailers and distributors in Australia, which are both necessities and every-day consumptions, with great market potential. KFG Chinese factory has a great advantage in producing these kinds of products with over 20 years experience and increasingly automatic standardized production process.

The Company's management goal in Australia is to let China's products and services into Australia, Australian products sold into China, to maximize the investors benefit and to contribute to the Australia economy.

**1. KFG's sales to Australia as a percentage of total global sales**

Financial Year	Total Sales	Sales to Australia	Percentage
2015	\$5,396,411.3	\$1,991,579.29	36.90%
2016	\$7,194,029.79	\$2,687,884.51	37.36%
2017	\$7,628,483.47	\$3,037,452.51	39.82%

Average exchange rate for the financial year ended 30/06/2015:

AU \$1 = RMB ¥5.1837

Average exchange rate for the financial year ended 30/06/2016:

AU \$1 = RMB ¥4.6913

Average exchange rate for the financial year ended 30/06/2017:

AU \$1 = RMB ¥5.1383

**2. KFG Australian customers and basic sales details in Australia are as follows:**

Kmart Australia Limited, Aldi Stores Ltd, Legend Australia Holdings Pty.Ltd,  
M Cohn & Associates, INTERFAB PTY.LTD and so on.

**K-mart**

In Jun 2012, Kingform became the supplier of K-mart Australia. The products shipping to K-mart, originally only quilts, gradually increases to quilts, pillows, mattress protector and pillow protector in the past few years. The sales amount of the products which Kingform has been shipping to K-mart is as follows:

FY 2015	FY 2016	FY 2017
\$1,789,095.13	\$2,436,658.65	\$ 2,640,652.69

K-mart has become the largest stable customer of Kingform in Australia, and the cooperation scope is widening all over the years, which will benefit in long-term for the company's market expansion in Australia.

#### **M Cohn & Associates**

Kingform has been the supplier of M Cohn & Associates for the last few years, with products of quilt, mattress topper, pillow, pillow protector and pillow case shipping to M Cohn & Associates. With over 35 years experience in the Australian commercial textile industry, M Cohn & Associates offers expert advice and quality products specifically designed for use in the hospitality and health care industry. The sales amount of the products which Kingform has been shipping to M Cohn & Associates is averagely \$150,000 per year.

#### **Aldi Stores Ltd**

In 2017, Kingform became the supplier of Aldi Stores Ltd Australia. The products shipping to Aldi is mainly pet couch cover protector and sofa protector. The sales amount of the products which Kingform has been shipping to Aldi is \$174,300 in FY 2017. At present, the company is actively contacting Aldi, hoping to get more orders of other products.

In the meantime, the Board is evaluating a number of potential opportunities in both the hometextile and non hometextile industries, both in Australia and Asia for the purpose of enhancing the company's potential for future growth. The Board is confident that the Company will be able to increase the value for shareholders.

### **3. details of marketing activities conducted in Australia;**

Every year, KFG invites Australian customers and potential customers to China, visiting our factory and meet the Company's management team on fairs we took part in, providing them with an opportunity to understand our company and our products, to strengthen cooperation and seek opportunities for new cooperation.

KFG also visits our customers in Australia every year, hoping to get more close to their detail requirement and to seek more in-depth cooperation.

In addition, KFG is beginning to step into the Health care products market and real estate market in Australia, evaluating projects in the above fields for the purpose of enhancing the company's potential for future growth.

### **4. Personnel based in Australia**

The company secretary and marketing staffs are based in Melbourne, to disclose all kinds of information in a timely manner, to collect information of the market trend of relevant products and to provide more and better services to the Australian market. KFG also focuses on Australian local products, seeking opportunities in investment in various fields.

Xun Yang, company secretary and non-executive director, Australian citizen, who live in Melbourne for a long time. Mainly responsible for the secretarial affairs of the company, supervise the company's business activities and development in the textile industry, and make suggestions.

Xiaofei Wei, director of the company. Permanently living in Melbourne, he is mainly responsible for expanding the market, using his work experience to improve the degree of automation and management specialization of the company.

Lingyan Jin, administrative service officer of the company. Permanently living in Melbourne, she is responsible for the daily administrative affairs of the company, and direct communication between the Australian market and the company.

We pledge to update the audit reports for year ending 30 Jun 2016 and half year reports ending 31 December 2016 by 31 August 2017, update the audit reports for FY2017 by 31 September 2017 and continue to perform disclosure obligations.

Yours sincerely

Kingform Health Hometextile Group LTD



Xikang Jin  
Chairman