
Chairman's letter to Shareholders

16 June 2015

Dear Shareholders,

I am writing to invite you, as a Shareholder of Kingform Health Hometextile Group Limited ACN 153 801 766, to attend the Company's Annual General Meeting on Friday, 17 July 2015.

The Meeting will be held in Suite 2, Level 8, 303 Collins Street, Melbourne, Australia. The Meeting will begin at 10:30am (AEST) with registration from 9:30am (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 personalised Proxy Form with you to promptly register your attendance.

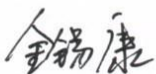
If you are unable to attend the AGM, you can appoint a proxy to attend and vote on your behalf at the AGM by completing the enclosed Proxy Form and returning it to AFS Investment Holdings Pty Ltd, at Level 8, 303 Collins Street, Melbourne, Victoria, 3000, Australia.

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 3 is a non-binding resolution that Shareholders adopt the Remuneration Report that can be found at pages 5 to 10 in the Annual Financial Report for year ended 30 June 2014. 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 Meeting

Notice is given that the Annual General Meeting of Shareholders of Kingform Health Hometextile Group Limited ACN 153 801 766 (**Company**) will be held at:

DATE: Friday 17 July 2015

TIME: 10:30 am (AEST)

PLACE: Suite 2, Level 8, 303 Collins Street, Melbourne, 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 separately.

Agenda

Receipt of Annual Report

To receive the Annual Financial Report of the Company for the year ended 30 June 2014 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 Paul Desmond Nolan 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 Paul Desmond Nolan, who retires as a Director of the Company, who retires in accordance with the company's Constitution, and being eligible for re-election, is re-elected as a Director of the Company."

The Chairman of the meeting intends to vote undirected proxies in favour of Paul Desmond Nolan's re-election.

Resolution 2: Ratification of Resignation and Appointment of Auditor

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

“That the resignation of Hayes Knight Audit Pty Ltd and the appointment of BDO Audit (WA) Pty Ltd as auditor of the Company be ratified.”

Resolution 3: Adoption 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 31 December 2014 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 which may be properly brought before the Meeting, in accordance with the Company’s Constitution and the Corporations Act.

By Order of the Board of directors

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 Annual General Meeting and by submitting their proxy appointment and voting instructions in person, 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 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 C/- AFS Investment Holdings Pty Ltd, at Level 8, 303 Collins Street, Melbourne, Victoria, 3000, 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 Shareholders 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 of the Company for the financial year ended 31 December 2014 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 and 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 Directors

Rule 79.1 of the Constitution provides 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. Under Rule 79.2 of the constitution, if no director would otherwise be required by rule 79.1 to submit for election or re-election, the director or directors to retire at an annual general meeting are those who have been longest in office since their election.

In accordance with Rule 79.3 of the Constitution, as between or among 2 or more directors who became directors on the same day, the director or directors to retire are determined by lot unless they otherwise agree

between or among themselves. As both the Directors were appointed on the same day of October 2011, the Directors have agreed that Mr Paul Desmond Nolan will retire from the Board and, being eligible, offer himself for re-election.

The Board sets out below the profile of the Director who is standing for re-election.

Mr Paul Desmond Nolan

Mr Nolan has extensive experience in textiles and retail trade. He has been a Textile Buying Consultant for the Reject Shop in Australia from 1991 to 1996. He was employed as a National Sales and Marketing Manager for Smithtex Pty Ltd from 1996 to 2004. He has been the owner and director of Geelong Home Textile Pty Ltd from 2005 to 2011.

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

3. Ratification of Resignation and Appointment of Auditor

Hayes Knight Audit Pty Ltd (Hayes Knight) has applied to ASIC for resignation as the Company's auditor in accordance with section 329(5) of the Corporations Act with effect from the conclusion on the AGM. The resignation resulted from the company seeking expressions of interest from other auditors, with BDO Audit (WA) Pty Ltd being considered as the firm which would best suit the company's operations in the future.

In accordance with section 328B(1) of the Corporations, the Company has sought and obtained a nomination from a shareholder for BDO to be appointed as the Company's auditor. A copy of this nomination is attached to this Explanatory Statement as Annexure A.

BDO has given its written consent to act as the Company's auditor subject to shareholder approval of this resolution.

If the resolution is passed, the appointment of BDO as the Company's auditor will take effect as the close of the meeting.

If the resolution is not approved, there will be a vacancy in respect of the company's auditor, which the board of directors will be obliged to fill within one month in accordance with section 327C of the Corporations Act.

The Directors unanimously recommend that shareholders vote in favour of the resolution.

4. Remuneration report

Section 250R of the Corporations Act 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 cited in the Directors' Report section of the Company's Annual Report explains the Board policies in relation to the nature and level of remuneration paid to Directors, including the Chief Executive Director, and the Company's 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 3

In accordance with the Corporations Act, the Company will disregard any votes cast (in any capacity) on Resolution 3 or on behalf of a member of the of the Company's Key Management Personnel details of whose remuneration are included in the 2014 Remuneration Report for the Company, and their Closely Related Parties.

However, the Company will not disregard a vote cast on Resolution 3 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 3; 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.

5. 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 2 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 Corporations 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 or delivered to Kingform Health Hometextile Group Limited C/o AFS Investment Holdings Pty Ltd, at Level 8, 303 Collins Street, Melbourne, Victoria, 3000, Australia. Proxies must be received no later than 48 hours before the commencement of the Meeting.

Prior to making any decisions, 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 3, 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 3, 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 3).

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 3, your vote will not be cast in respect of that Resolution.

6. 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 15 July 2015. Accordingly, Share transfers registered after that time will be disregarded in determining a Shareholder's entitlement to attend and vote at the Meeting.

7. 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 up 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 31 December 2014.

Board means the board of Directors of the Company.

Chairman means the person chairing the Meeting.

Closely Related Party has the meaning given in section 9 of the Corporations Act and includes a spouse, dependent and certain other close family members, as well as companies controlled by a KMP.

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).

Director means a director of the Company.

Key Management Personnel or KMP means person having authority and responsibility for planning, directing and controlling the activities of the Company and its controlled entities, directly or indirectly, including any Director (whether executive or otherwise).

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 in the capital of the Company.

Annexure A – Notice of Nomination (Auditor)

The Board of Directors
Kingform Health Hometextile Group Limited
Level 8, 303 Collins Street
Melbourne VIC 3000

10 June 2015

Dear Directors,

Notice of Nomination of Auditor - Kingform Health Hometextile Group Limited

The undersigned being a member of Kingform Health Hometextile Group Limited (**the Company**) hereby nominates BDO Audit (WA) Pty Ltd for appointment as auditors of the company at annual general meeting.

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

Yours faithfully



Xikang Jin

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