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## Chairman's Letter to Shareholders

17 January 2013

Dear Shareholders

I am writing to invite you, as a shareholder of Kingform Health Hometextil Group Limited ACN 153 801 766 to attend the Annual General Meeting on Friday, 22 February 2013.

The meeting will be held at No.180 Guang'an Road, 3rd Part Economic Development Zone Tongxiang Zhejiang, China. The meeting will begin at 9:30am (CST) with registration available from 8:30am (CST).

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 2012 Notice of Meeting, together with the Proxy Form and AGM Question 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 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 AFS Investment Holdings Pty Limited, at Level 8, 303 Collins Street, Melbourne, Victoria, 3000, Australia.


For those who cannot attend the meeting but would like to submit questions on any shareholder matters that may be relevant to the Annual General Meeting, I invite you to submit any questions you may have on the enclosed AGM Question Form and return it together with the Proxy Form.

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.

Agenda Item 2 is a non-binding resolution that shareholders adopt the Remuneration Report that can be found at pages 13 to 14 in the Annual Report 2012. 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 hereby given that Annual General Meeting of shareholders of Kingform Health Hometextile Group Limited ACN 153 801 766 will be held on:

Date: Friday, 22 February 2013

Time: 9:30am (CST) / 12:30pm (AEST)

Place: Zhejiang Kangbao Household Textiles Co., Ltd.

No.180 Guang`an Road,

3rd Part Economic Development Zone Tongxiang Zhejiang, China P.C.:314500.

Please note that additional information concerning the proposed resolution is contained in the Explanatory Memorandum that accompanies and forms part of this Notice.

Proxy Form and AGM Question Form are enclosed separately.

## Agenda

### Ordinary Business of the Company

#### 1. Financial Reports

To receive and consider the financial statements of the Company for the year ended 30 June 2012, together with the Directors Report and the Auditor's Report as set out in the Annual Report.

#### 2. Remuneration Report

The Remuneration Report is in the Directors' Report section of the Company's Annual Report (pages 13 –14). Listed companies are required to put the Remuneration Report to the vote for adoption at the Company's Annual General Meeting. The resolution will be determined as an ordinary resolution but is advisory only and does not bind the Directors of the Company.

#### Resolution 1 – Non Binding Resolution to adopt Remuneration Report

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

*"That the Remuneration Report as set out in the Annual Report for the year ended 30 June 2012 be adopted."*

Note - The vote on this resolution is advisory and does not bind the Directors or the Company.

*The Directors unanimously recommend that security holders vote in favour of this resolution.*

*The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 1.*

### **3. Re-election of Director**

#### **Resolution 2 – Re-election of Mr Xun Yang as a Director**

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

*“That Mr Yang Xun, 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.”*

*The Chairman of the meeting intends to vote undirected proxies in favour of Mr Yang Xun’s re-election.*

### **4. 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.

### **5. Forum for Shareholder Questions and Comments**

The Chairman will open the AGM to share holder questions and comments and give shareholders a reasonable opportunity to participate. Directors, management and the Auditor or representatives of the Auditor will be in attendance at the Meeting to respond to questions from shareholders at this time.

**By Order of the Board**



**Xun Yang**  
Company Secretary

Dated: 17 January 2013

## 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 Meeting and by submitting their proxy appointment and voting instructions in person, by post or by facsimile.

### **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 lodged by post to Kingform Health Hometextile Group Limited c/ AFS Investment Holdings Pty Limited, 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.

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## 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 2012 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. 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 2013 Annual General Meeting, a resolution must be put to security holders at the 2013 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 13 –14), 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

The Corporations Act prohibits any votes being cast on Resolution 1 by or on behalf of:

- a member of the key management personnel (“KMP”) as disclosed in the Remuneration Report; and
- a closely related party of those persons,

unless the vote is cast:

- as proxy for a person entitled to vote in accordance with a direction on the Proxy Form; or
- by the Chairman of the meeting as a proxy for a person entitled to vote in accordance with an express authority to vote undirected proxies as the Chairman sees fit

Further, the Company will not disregard a vote cast by the Chair of the meeting as a proxy, if the vote is not cast on behalf of a member of the key management personnel or a closely related party and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the Resolution and expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 1. Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on this Resolution, or ensure that they expressly authorise the Chairman to vote undirected proxies.

The Board unanimously recommends that shareholders vote in favour of Resolution 1.

### 3. Re-election of Director

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 Xun Yang 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 Xun Yang

Mr Xun Yang has over 20 years’ experience in importing and exporting business. He had been a sales executive at Vinetex & Co Pty Ltd, an independent agent in Australia which represents Chinese textile exporters from 1991 to 1996. He was employed as Finance manager at Provincial Clothing Pty Ltd which is an importer and wholesaler of men’s clothing from 1996 to 2003. He has been the owner and director of Advancetex Agencies which is a sourcing agent on behalf of a number of

importing companies for 9 years. Since 2009, he has been a major shareholder and 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 2.

#### **4. Proxy Information**

A member entitled to attend and vote at the Meeting is entitled to appoint not more than two 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.

If shareholders intend to appoint the Chairman as the proxy, he can be directed how to vote by ticking the relevant boxes 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, the Chairman will vote the proxies as he sees fit. The Chairman of the meeting intends to vote all available proxies in favour of each item of business.

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 C/ AFS Investment Holdings Pty Limited, 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 decision, members may wish to seek advice from their own independent financial adviser or stockbroker as to the effect of the proposed Resolutions.

#### **5. 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 12:30pm (AEST) on 20 February 2013. Accordingly, Share transfers registered after that time will be disregarded in determining a Shareholder's entitlement to attend and vote at the Meeting.

## 6. 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. For those who cannot attend the meeting but would like to submit questions on any shareholder matters that may be relevant to the Annual General Meeting, they can use the enclosed AGM Question Form to submit their questions together with their proxy forms.

## 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 2012.

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

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

**Company or Kingform** means Kingform Health Hometextil 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.