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CHINA HOUSEHOLD HOLDINGS LIMITED

中國家居控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 692)

AMENDMENTS TO THE TERMS OF DISCLOSEABLE TRANSACTION ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF TARGET COMPANY INVOLVING THE PROPOSED ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

SUPPLEMENTAL AGREEMENT

On 26 March 2015, the Company, the Vendor and the Purchaser entered into the Supplemental Agreement to amend the Agreement relating to the payment of the Consideration.

Reference is made to the Company's announcements dated 3 March 2015 and 23 March 2015 ("**Announcements**") in relation to the acquisition of 100% of the issued share capital of China New Oriental Household Holdings Limited. Terms used herein shall have the same meanings as defined in the Announcements unless otherwise stated.

On 26 March 2015, the Company, the Vendor and the Purchaser entered into a supplemental agreement ("**Supplemental Agreement**") to amend certain terms of the Agreement.

SUPPLEMENTAL AGREEMENT

Pursuant to the Supplemental Agreement, the payment of the Consideration was amended to as follows:

The Consideration shall be paid by the Purchaser through procuring the issue of a total of 540,000,000 Consideration Shares and the Promissory Note of HK\$123,000,000 by the Company to the Vendor or its nominee(s) in the following manner:

- (a) 229,090,909 Consideration Shares will be issued and delivered to the Vendor upon Completion;
- (b) the Promissory Note shall be issued at Completion and held by the Purchaser's solicitors in escrow, which together with the remaining unissued 310,909,091 Consideration Shares will be issued and/or delivered to the Vendor in the following manner:
 - (i) Further 125,000,000 Consideration Shares (subject to adjustment set out below under the section headed "PROFIT GUARANTEE AND ADJUSTMENT OF CONSIDERATION") shall be issued and delivered to the Vendor within 5 business days from the date of determining the net profits of the Target Group for the financial year from 1 January 2015 to 31 December 2015;
 - (ii) Further 150,000,000 Consideration Shares (subject to adjustment set out below under the section headed "PROFIT GUARANTEE AND ADJUSTMENT OF CONSIDERATION") shall be issued and delivered to the Vendor within 5 business days from the date of determining the net profits of the Target Group for the financial year from 1 January 2016 to 31 December 2016;
 - (iii) Further 35,909,091 Consideration Shares and the Promissory Note (subject to adjustment set out below under the section headed "PROFIT GUARANTEE AND ADJUSTMENT OF CONSIDERATION") shall be issued and/or delivered to the Vendor within 5 business days from the date of determining the net profits of the Target Group for the financial year from 1 January 2017 to 31 December 2017.

In the event that the nominal value of the Shares shall be changed as a result of share consolidation or sub-division, the number of unissued Consideration Shares shall be adjusted by multiplying the number of unissued Consideration Shares by a fraction of which the numerator is the original nominal value and the denominator is the new nominal value of the Shares.

PROFIT GUARANTEE AND ADJUSTMENT OF CONSIDERATION

The Vendor guarantees to the Purchaser, inter alia, that:

- (i) the aggregate audited consolidated net profit after tax (before unusual and extraordinary items calculated on yearly basis according to the generally accepted accounting principle in Hong Kong) of the Target Group for the year ending 31 December 2015 shall be not less than HK\$75,000,000;

- (ii) the audited consolidated net profit after tax (before unusual and extraordinary items calculated on yearly basis according to the generally accepted accounting principle in Hong Kong) of the Target Group for the year ending 31 December 2016 shall be not less than HK\$100,000,000;
- (iii) the audited consolidated net profit after tax (before unusual and extraordinary items calculated on yearly basis according to the generally accepted accounting principle in Hong Kong) of the Target Group for the year ending 31 December 2017 shall be not less than HK\$120,000,000.

The Consideration is subject to downward adjustment in the event that the audited net profits after tax of the Target Group is lower than the abovementioned profits guarantee for any of the abovementioned periods. If the net profit for any financial year are less than the guaranteed net profits indicated above, the balance of the Consideration payable in respect of that period shall be reduced on a pro rata basis and such Consideration Shares (and Promissory Note, if applicable) to be delivered to the Vendor for such financial year will be reduced accordingly, i.e., the Vendor may receive the Consideration payable in respect of such financial year only at the same percentage as the achievement rate for such year (e.g., (i) if the net profit for the first year are only 50% of the guaranteed profits for the first year, the Vendor may receive only 50% of 125,000,000 Consideration Shares on the date of delivery, and (ii) if the net profit for the third year are less than the guaranteed profit for such year, the Consideration payable in respect of such financial year shall be reduced at the same percentage and on the basis that the Promissory Note will be delivered first). For the avoidance of doubt, if the net profit for such financial year exceed the guaranteed net profits indicated above, the balance of the Consideration will not be adjusted. If the Target Group records net losses during the any of the guaranteed periods, no Consideration of such guaranteed period will be released to the Vendor.

By Order of the Board
China Household Holdings Limited
Mr. Fu Zhenjun
Executive Director

Hong Kong, 26 March 2015

As at the date of this announcement, the Board comprises four executive Directors, namely Dr. Kaneko Hiroshi (CEO), Mr. Li Zhixiong, Mr. Fu Zhenjun and Mr. Kuang Yuanwei, two non-executive Directors, Mr. Xie Jianming and Mr. Zhu Qi and three independent non-executive Directors, namely Mr. To Yan Ming, Edmond, Dr. Loke Yu and Mr. Lin Xuebin.