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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares of **China Household Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



CHINA HOUSEHOLD HOLDINGS LIMITED

中國家居控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 692)

**PROPOSALS FOR RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO ISSUE AND
REPURCHASE SHARES,
REFRESHMENT OF THE SCHEME LIMIT
UNDER THE SHARE OPTION SCHEME,
AND
NOTICE OF ANNUAL GENERAL MEETING**

The notice convening the Annual General Meeting of China Household Holdings Limited (“the Company”) to be held at The Royal Pacific Hotel & Towers, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Monday, 29 June 2015 at 3:00 p.m. is set out on pages 21 to 25 of this circular.

Whether or not you are able to attend the Annual General Meeting of the Company, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjourned meeting if you so desire.

26 May 2015

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“AGM”	the Annual General Meeting of the Company to be held at The Royal Pacific Hotel & Towers, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Monday, 29 June 2015 at 3:00 p.m., notice of which is set out on pages 21 to 25 of this circular;
“Board”	Board of Directors;
“Bye-Laws”	the Bye-Laws of the Company;
“Company”	China Household Holdings Limited;
“Convertible Bonds”	the outstanding unsecured convertible bonds in aggregate principal amount of HK\$501,066,080 issued by the Company on 3 September 2012, 9 July 2013, and 31 December 2013, conferring rights to convert the same into a total of 568,433,333 Existing Shares at the conversion price of HK\$0.12, HK\$0.74, HK\$0.90 per Share respectively;
“Director(s)”	the director(s) of the Company;
“Eligible Person(s)”	including but not limited to any directors (whether executive or non-executive and whether independent or not) and any employee (whether full time or part time) of the Group or any other person, who, at the sole discretion of the Board, has contributed to the Group;
“Existing Issue Mandate”	the general mandate to issue up to 553,262,992 new Shares granted by the Shareholders to the Directors at the annual general meeting of the Company held on 30 June 2014;
“Existing Limit”	the maximum number of Shares that may be issued upon exercise of all options to be granted under the Share Option Scheme;
“Existing Repurchase Mandate”	the general mandate to repurchase up to 276,631,496 Shares granted by the Shareholders to the Directors at the annual general meeting of the Company held on 30 June 2014;

DEFINITIONS

“Existing Shares”	existing ordinary shares(s) of HK\$0.001 each in the issued and unissued share capital of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Latest Practicable Date”	19 May 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Option(s)”	the option(s) to be granted under the Share Option Scheme;
“Ordinary Resolution(s)”	the proposed ordinary resolution(s) as referred to in the notice of AGM;
“PRC”	the People’s Republic of China;
“Proposed Issue Mandate”	a general mandate to the Directors to exercise the power of the Company to allot and issue Shares during the period as set out in the Ordinary Resolution referred to in item 4 of the notice of AGM up to 20 per cent of the issued share capital of the Company at the date of the passing of the said Ordinary Resolution;
“Proposed Repurchase Mandate”	a general mandate to the Directors to exercise the power of the Company to repurchase Shares during the period as set out in the Ordinary Resolution referred to in item 5 of the notice of AGM up to 10 per cent of the issued share capital of the Company at the date of the passing of the said Ordinary Resolution;
“Scheme Limit”	the maximum number of Shares which may be issued upon exercise of all options (excluding options lapsed in accordance with the Share Option Scheme of the Company) that may be granted under the Share Option Scheme;

DEFINITIONS

“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
“Share(s)”	share(s) of HK\$0.001 each in the share capital of the Company;
“Share Buyback Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase of Shares by companies with primary listing of their own securities on the Stock Exchange;
“Share Option Scheme”	the share option scheme conditionally approved and adopted by the Company pursuant to the written resolutions passed by the Shareholders on 30 June 2014;
“Shareholder(s)”	the holder(s) of the Share(s);
“Stock Exchange”	Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers.

LETTER FROM THE BOARD



CHINA HOUSEHOLD HOLDINGS LIMITED

中國家居控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 692)

Executive directors:

Dr. Kaneko Hiroshi (CEO)

Mr. Li Zhixiong

Mr. Fu Zhenjun

Mr. Kuang Yuanwei

Registered Office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

Non-executive director:

Mr. Li Dikang

Head Office and Principal

Place of Business:

Suite no 1001B, 10/F.,

Tower 1, China Hong Kong City,

33 Canton Road, Tsim Sha Tsui,

Kowloon, Hong Kong

Independent non-executive directors:

Mr. To Yan Ming, Edmond

Dr. Loke Yu

Mr. Lin Xuebin

26 May 2015

*To the Shareholders and for information only,
the holders of the Convertible Bonds*

LETTER FROM THE BOARD

Dear Sir or Madam,

**PROPOSALS FOR RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO ISSUE AND
REPURCHASE SHARES,
REFRESHMENT OF THE SCHEME LIMIT
UNDER THE SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

At the last annual general meeting of the Company held on 30 June 2014, resolutions were passed giving general mandates to the Directors to issue and allot Shares and to exercise the powers of the Company to repurchase its own Shares in accordance with the Share Buyback Rules. These general mandates will lapse at the conclusion of the AGM. It is therefore proposed to renew the general mandates to issue and allot shares and to repurchase shares at the AGM.

The purpose of this circular is to provide you with information regarding the proposed re-election of Directors, renewal of the general mandates to issue and repurchase Shares and refreshment of the Scheme Limit under the Share Option Scheme and to seek your approval of the Ordinary Resolutions relating to the said general mandates at the AGM.

RE-ELECTION OF DIRECTORS

The Board currently consists of 8 Directors, namely Dr. Kaneko Hiroshi (CEO), Mr. Li Zhixiong, Mr. Fu Zhenjun, Mr. Kuang Yuanwei, Mr. Li Dikang, Mr. To Yan Ming, Edmond, Dr. Loke Yu and Mr. Lin Xuebin.

In accordance with Clause 99 of the Company's bye-laws, Dr. Kaneko Hiroshi, Mr. Fu Zhenjun and Mr. To Yan Ming, Edmond will retire by rotation at the forthcoming annual general meeting and pursuant to Clause 102(A) of the Company's bye-laws, Mr. Li Dikang will retire at the forthcoming annual general meeting. All the retiring directors are eligible for re-elections.

Brief biographical details of the retiring Directors who are proposed to be re-elected at the AGM are set out in Appendix I to this circular.

LETTER FROM THE BOARD

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

General Mandate to Issue

Considering the uncertainties in the global financial market, the Directors are of the view that it is reasonable for the Company to seek for any opportunities to widen the sources of funds of the Company including refreshment of the existing general mandate by utilising the Proposed Issue Mandate which the intended use of proceeds will be used for the repayment of bonds issued by the Company and to create more buffer for the Company to mitigate the business and financial risks. Regarding the above, the Directors consider that the refreshment of general mandate can ensure the stability and development of the business of the Group.

Given the bonds issued by the Company with an aggregate principal amount of HK\$415,683,210 will mature during the period commencing from September 2015 to February 2023, the Directors are of the view that the Proposed Issue Mandate can be utilized for the repayment of such bonds by issuing new shares under the general mandate by the Company and the remaining will be use as a buffer for the company to maintain financial flexibility of the Company. As the convertible bonds or promissory notes (“Bonds for Acquisition”) issued for the Company’s acquisition had profit guarantee terms to protect the Company’s interest, the Company does not plan to utilize the Proposed Issue Mandate for fund raising and repayment of those Bonds for Acquisition. Nonetheless, the Directors consider that, after taking into account the existing cash and bank balances, other internal resources available, the Group would be able to meet its working capital requirement for at least the next 12 months from the date of this circular in the absence of unforeseen circumstances.

The refreshment of Existing Issue Mandate will give the Company an additional option to raise funds for the repayment of bonds issued by the Company and for the future growth and development of the Group. As the Company is actively exploring for business opportunities to diversify risk and broaden the sources of income of the Group, sufficient cash reserve is crucial for the growth and the development of the current businesses of the Company. The cash reserve also fosters the on-going business operations, improve the Company financial position in order to strengthen the competitiveness, integrate its capital resources and contribute a maximum wealth to our Shareholders.

As there are uncertainties in the global financial market, the Directors are also of the view that the instability of the global financial market will persist in the foreseeable future which might have a negative impact to the financial structure of the Group. Therefore the possible fund raising activities upon the refreshment of the Existing Issue Mandate is in the benefit of the Company as it can enhance the financial flexibility of the Company during the global financial downturn. Having considered the current economic condition and the persistent uncertainties in the fund raising market and business of the Group, the

LETTER FROM THE BOARD

Directors are of the view that the refreshment of Existing Issue Mandate is an appropriate decision as fund raising opportunities may lapse in a short window of time. The financial flexibility of the Company can be enhanced by the refreshment of Existing Issue Mandate, which allows the Company to capture the opportunity to carry out the timely fund raising activity when fund raising demand or business opportunities arise.

Regarding the financing plan of the Company, it will actively seek for fund raising opportunities to enhance the financial resources of the Company for the repayment of the bonds of the Company and enhance the financial flexibility of the company as previously mentioned. As at the Latest Practicable Date, the Company has no arrangement, identification, understanding or negotiation about any possible fund raising or acquisition.

The Board considers that the refreshment of the Existing Issue Mandate provide an opportunity for the Group to strengthen the Group's capital base and financial position so as to better equip the Group with the financial flexibility for the repayment of bonds issued by the Company, creating ample buffer for the financial resources of the Company and for the development of the existing business or any other new business of the Group which in turn will strengthen the competitiveness, integrate its capital resources and contribute a maximum wealth to the Company's equity holders and the Company itself in long term. Save as the possible dilution to existing Shareholders of the Company, the Board considers that there is no major disadvantage of the refreshment of the Existing Issue Mandate for the Company. Having considered abovementioned, the Directors are of the view that the Proposed Issue Mandate is fair and reasonable and in the interest of the Company and its shareholders as a whole.

In order to provide flexibility of issuing new Shares when it is in the interests of the Company, at the AGM, Ordinary Resolutions as referred to items 4 and 5 of the notice of AGM will be proposed to approve the Proposed Issue Mandate and the Proposed Repurchase Mandate, respectively. Ordinary Resolution as referred to item 6 of the notice of AGM will also be proposed at the AGM to extend the Proposed Issue Mandate by adding to it the number of Shares repurchased under the Proposed Repurchase Mandate.

At the last annual general meeting of the Company held on 30 June 2014, the Directors were given the Existing Issue Mandate to issue Shares. Such general mandate to issue Shares will lapse at the conclusion of the AGM. At the AGM, an ordinary resolution will be proposed to grant the Directors the Proposed Issue Mandate. The Shares which may be allotted and issued pursuant to Proposed Issue Mandate are up to 20% of the aggregate nominal amount of the issued share capital of the Company on the date of passing the ordinary resolution approving the Proposed Issue Mandate.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the number of Shares in issue was 3,395,739,873 Shares. Subject to the passing of the resolutions granting the Proposed Issue Mandate and on the basis that no further Shares will be issued or repurchased before the AGM, the Company will be allowed to issue a maximum of 679,147,974 Shares upon exercise of the Proposed Issue Mandate in full, and assuming the Proposed Repurchase Mandate is not exercised.

Business of the Group

In January 2013, the Company completed the acquisition of Chang Ye Holdings Limited, which the Company began to engage in trading of household products in the PRC and provision of one-stop home furnishing solution by the Zhongshan City Prado Style Household Company Limited, a wholly-owned subsidiary of the Company (“Prado Acquisition”). After the Prado Acquisition, the Company integrates the household product industrial chain, to provide consolidated procurement for household engineering projects.

The Company engage in trading of household products in the PRC and provision of one-stop home furnishing solution by the Zhongshan City Prado Style Household Company Limited, a wholly-owned subsidiary of the Company. The business of Zhongshan City Prado Style Household Company Limited is running in normal operation which is in line with the market.

In December 2013 and July 2014, the Company completed the acquisition of the Red Hero International Limited and its subsidiaries (the “Red Hero Group”), Polar Sunshine Wood Holdings Company Limited and its subsidiaries (the “Polar Sunshine Group”) and Kassade Investment Limited and its subsidiaries (the “Kassade Group”), which will provide an opportunity for the Company to tap into further business opportunities in the heating wooden household products and also integrate the existing trading network. The Company believes they can bring a synergy effect with the existing household business. It is the strategy of the Company to continue to explore more business opportunities so as to strengthen its household business in the People’s Republic of China (the “PRC”). The business of Red Hero Group , Polar Sunshine and Kassade Group are running in normal operation which is in line with the market.

In March 2015, the Company completed the acquisition of China New Oriental Household Holdings Limited and its subsidiaries (the “China New Oriental Group”), which will introduce intelligent products into household services and thereby provide a more convenient and more quality lifestyle to the consumers meet the Company’s business development needs, generate better return to our shareholders and also promote the next generation of household living in the PRC.

LETTER FROM THE BOARD

The directors of Company considered that the acquisition of China New Oriental Group brought in intelligent household business to the Company and the development of the intelligent household business will become the latest key direction of development of the Company.

Repurchase Shares

At the annual general meeting of the Company held on 30 June 2014, the Directors were given the Existing Repurchase Mandate to repurchase Shares. Such general mandate to repurchase Shares will lapse at the conclusion of the AGM.

Subject to the passing of the resolutions granting the Proposed Repurchase Mandate on the basis that no further Shares will be issued or repurchased before the AGM, the Company will be allowed to make or agree to make repurchases up to a maximum of 339,573,987 Share, representing 10% of the aggregate nominal amount of the issued share capital of the Company on the date of passing the resolutions granting the Proposed Repurchase Mandate upon exercise of the Proposed Repurchase Mandate in full.

As explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the Proposed Repurchase Mandate is set out in Appendix II to this circular. The explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolutions at the AGM.

REFRESHMENT OF THE SCHEME LIMIT UNDER THE SHARE OPTION SCHEME

The Company has a share option scheme (the “Old Share Option Scheme”) which was adopted on 27 May 2002, valid and effective for a period of 10 years from that date. The Old Share Option Scheme was expired on 27 May 2012. The Company adopted the Share Option Scheme (the “Share Option Scheme”) pursuant to an ordinary resolution passed by the Shareholders on 28 June 2013. Pursuant to the Share Option Scheme, the Directors were authorised to grant options to recruit, retain and motivate high caliber and good quality employees and officers to serve the Group on a long term basis as well as to maintain good relationship with its suppliers, customers and professional advisers. The Group believes that having a share option scheme in place is one of the most attractive means to attract and retain those persons to contribute to the continuous development of the Group. Under the rules of the Share Option Scheme, the Scheme Limit must not in aggregate exceed 10 per cent of the Shares in issue as at the date of approval of the Share Option Scheme.

LETTER FROM THE BOARD

The Company may refresh the Scheme Limit at any time subject to prior Shareholders' approval provided that:

- (i) the Scheme Limit so refreshed must not exceed 10 per cent of the Shares in issue as at the date of the Shareholder's approval of the refreshed Scheme Limit ("Refreshed Limit"); and
- (ii) options previously granted under the Share Option Scheme and other share options schemes (including those outstanding, cancelled, lapsed in accordance with the schemes or exercised options) will not be counted for the purpose of calculating the Scheme Limit as refreshed.

Notwithstanding the foregoing, the number of Shares to be issued upon the exercise of all the options granted and yet to be exercised under the Share Option Scheme and other option schemes must not exceed 30 per cent of the Shares in issue from time to time.

Pursuant to the Scheme Limit approved by the Shareholders on 30 June 2014, the Company may grant options under the Share Option Scheme to subscribe for up to 276,631,496 Shares, representing 10% of the total issued share capital of the Company as at the date of passing the ordinary resolution. Up to the Latest Practicable Date, options carrying the rights to subscribe for 276,600,000 Shares had been granted under the Share Option Scheme mandate limit. Accordingly, the Company is only permitted to grant further options to subscribe for 31,496 Shares under the Scheme Limit.

Up to the Latest Practicable Date, a total of 260,547 share options under the Old Share Option Scheme, which represented 0.008 per cent of the issued share capital were granted and remain outstanding and no options were cancelled, lapsed and exercised. The following table shows the movements in the number of share options under the Share Option Scheme from 28 June 2013 up to the Latest Practicable Date:

Number of the Company Shares issuable under the Share Option Scheme

Number of Shares issuable under share options granted	Number of Shares issued under exercised share options	Number of Shares issuable under lapsed/cancelled share options	Number of Shares issuable under outstanding share options
<u>492,600,000</u>	<u>2,000,000</u>	<u>800,000</u>	<u>489,800,000</u>

LETTER FROM THE BOARD

In order to reflect the change in the issued share capital of the Company since the last refreshment of the Scheme Limit and to provide the Company with greater flexibility on recruiting and retaining high-calibre employees and attracting human resources that are valuable to the Group, the Directors are of the view that the Scheme Limit should be refreshed.

As at the Latest Practicable Date, the total number of Shares in issue was 3,395,739,873. Subject to the approval of the refreshment of the Existing Limit and assuming no further issue or repurchase of Share and any other change in the issued share capital of the Company prior to the AGM, the maximum number of Shares which may be issued upon the exercise of all options to be granted pursuant to the Refreshed Limit will be 339,573,987 Shares. The total number of Shares which may be issued upon exercise of the Refreshed Limit of 339,573,987 Shares together with all outstanding options as at the Latest Practicable Date carrying the right to subscribe 490,060,547 Shares is 829,634,534 Shares, representing 24.43 per cent of the total number of Shares in issue as at the Latest Practicable Date.

The refreshment of the Existing Limit is conditional upon:

- (i) the passing of the necessary ordinary resolution by the Shareholders at the AGM to approve the refreshment of the Existing Limit; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the share options to be granted under the Refreshed Limit, being 10% of the issued share capital of the Company as at the date of the relevant ordinary resolution.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the share options to be granted under the Refreshed Limit.

ANNUAL GENERAL MEETING

At the AGM, resolutions will be proposed to the Shareholders in respect of the ordinary business of the Company to be considered at the AGM, being the approval and adoption of the audited financial statements, the Directors' report and the Auditor's report for the year ended 31 December 2014, the re-election of Directors, the fixing of the Directors' fees and the appointment of Auditor and the special business of the Company to be considered at the AGM, being the granting of Proposed Repurchase Mandate, the Proposed Issue Mandate, the extension of the Proposed Issue Mandate and the refreshment of the Scheme Limit. The notice of AGM is set out on pages 21 to 25 of this circular expected to be dispatched to the Shareholders together with this circular.

LETTER FROM THE BOARD

ACTION TO BE TAKEN

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you are able to attend the AGM, you are requested to complete the accompanying form of proxy and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjourned meeting if you so desire.

PROCEDURES FOR VOTING

Pursuant to Rule 13.39 of the Listing Rules, all votes of Shareholders at a general meeting must be taken by poll. The Chairman of the meeting will therefore demand a poll for every resolution put to the vote of the AGM pursuant to clause 70 of the Bye-Laws.

RESPONSIBILITY STATEMENT

This circular, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Directors consider that the re-election of Directors, the granting of Proposed Repurchase Mandate, the Proposed Issue Mandate, the extension of the Proposed Issue Mandate and the refreshment of the Scheme Limit are in the best interests of the Company as well as its Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders of the Company should vote in favour of the resolutions to be proposed at the AGM to give effect to them.

GENERAL

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions to be proposed at the AGM.

Yours faithfully,
By order of the Board
Fu Zhenjun
Executive Director

The followings are the particulars of the four Directors proposed to be re-elected at the AGM of the Company:

1. **Dr. Kaneko Hiroshi** (Executive director and CEO), aged 50, holds a Master of Engineering degree from Dalian University of Technology, PhD programs in Fudan University and doctoral degree of the apex science and technology from University of Tokyo. Dr. Kaneko has extensive research experience in the field of environment, development and economic science. He has been engaged in comprehensive utilization of environmental friendly materials and international trade for number of years. Dr. Kaneko has not previously held any position with the Company or any subsidiaries prior to his joining of the Group. Dr. Kaneko is currently an executive director and the Chairman of Long Success International (Holdings) Limited, which is Company whose shares are listed on GEM Board of the Hong Kong Stock Exchange. Dr. Kaneko has entered into service contract with the Company with fixed term of services for one year. He is subject to retirement by rotation and re-election at annual general meeting in accordance with the Company's bye-laws. He will be entitled to a director's fee of HK\$960,000 per annum. The director fee is covered by his service contract and determined by the Board with reference to market terms, his duties and responsibilities within the Company, the Company's remuneration policy and the Company's bye-laws.

As at the date of this circular, Dr. Kaneko is interested in 18,000,000 share options of the Company attaching thereto the rights to subscribe for 18,000,000 Shares, representing approximately 0.53% of the issued share capital of the Company. Save as disclosed above, Dr. Kaneko does not have any other interest in the issued share capital of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and has no relationships with any directors, senior management, substantial shareholders, or controlling shareholders of the Company.

Save as disclosed above, there are no other matters relating to his appointment of independent non-executive director needed to be brought to the attention of the Shareholders and there are no other information which are required to be disclosed under Rule 13.51(2) of the Rules Governing the Listing of Securities on the Stock Exchange.

2. **Mr. Fu Zhenjun** (executive director), aged 45, is responsible for the business development of the Group. He has over 20 years of experience in sales and marketing. He has deep connection and relationship with people engaged in this aspect. Prior to joining the Group, he provided Enterprise Process Management Services to some well-known PRC enterprises. Mr. Fu has not previously held any position with the Company or any subsidiaries prior to his joining of the Group, and has not been a director in any other listed public companies in the past three years.

Mr. Fu has entered into service contract with the Company with fixed term of services for one year. He is subject to retirement by rotation and re-election at forthcoming AGM in accordance with the bye-laws of the Company. He was entitled to a director fee of HK\$130,000 per annum. The director fee is covered by his service contract and determined by the Board with reference to market terms, his duties and responsibilities within the Company, and the Company's remuneration policy and the Company's bye-laws.

As at the date of this circular, Mr. Fu is interested in 28,000,000 share options of the Company attaching thereto the rights to subscribe for 28,000,000 Shares, representing approximately 0.82% of the issued share capital of the Company. Save as disclosed above, Mr. Fu does not have any other interest in the issued share capital of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and has no relationships with any directors, senior management, substantial shareholders, or controlling shareholders of the Company.

Save as disclosed above, there are no other matters relating to his appointment needed to be brought to the attention of the Shareholders and there are no other information which are required to be disclosed under Rule 13.51(2) of the Rules Governing the Listing of Securities on the Stock Exchange.

3. **Mr. To Yan Ming, Edmond** (independent non-executive director), aged 43, is a Certified Public Accountant practicing in Hong Kong and a director of Edmond To CPA Limited, Zhonglei (HK) CPA Company Limited and R.C.W. (HK) CPA Limited. He holds a bachelor degree in Commerce in Accounting from Curtin University of Technology in Western Australia. He is a member of both the CPA Australia and Hong Kong Institute of Certified Public Accountants. He worked for one of the international accounting firms, Deloitte Touche Tohmatsu and has over 10 years of experience in auditing, accounting, floatation and taxation matters. Mr. To is currently an independent non-executive director of China Vanguard Group Limited, which is company whose shares are listed on the GEM Board of the Hong Kong Stock Exchange. Mr. To is also an independent non-executive director of

Theme International Holdings Limited, Wai Chun Group Holdings Limited and Wai Chun Mining Industry Group Company Limited, whose shares are listed on the main board of the Hong Kong Stock Exchange.

Mr. To has entered into service contract with the Company with fixed term of services for 1 year. He is subject to retirement by rotation and re-election at the forthcoming AGM in accordance with the Company's bye-laws. He was entitled to a director's fee of HK\$120,000 per annum. The director fee is covered by his service contract and determined by the Board with reference to market terms, his duties and responsibilities within the Company, the Company's remuneration policy and the Company's bye-laws.

As at the date of this circular, Mr. To does not have any interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and has no relationships with any directors, senior management, substantial shareholders, or controlling shareholders of the Company.

Save as disclosed above, there are no other matters relating to his appointment needed to be brought to the attention of the Shareholders and there are no other information which are required to be disclosed under Rule 13.51(2) of the Rules Governing the Listing of Securities on the Stock Exchange.

4. **Mr. Li Dikang** (non-executive director), aged 61, graduated from the China University of Political Science and Law, has worked in the economic management field for the Chinese Government for over 30 years. From 1975 to 2015, he has served various leading positions in the Chinese Government and has been responsible for economic management. He has comprehensive experience in economic and corporate management, and has been repeatedly elected as Party representative and Deputy to the People's Congress. Mr. Li has not previously held any position with the Company or any subsidiaries prior to his joining of the Group, and has not been a director in any other listed public companies in the past three years.

The appointment of Mr. Li to the office of non-executive director of the Company is not for a specific term and he is subject to retirement by rotation and re-election in accordance with the byelaws of the Company. Mr. Li is entitled to a director fee of HK\$120,000 per annum under his current employment contract with the Group. The director fee is covered by his service contract and determined by the Board with reference to market terms, his duties and responsibilities within the Company, and the Company's remuneration policy and the Company's bye-laws.

As at the date of this circular, Mr. Li does not have any interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and has no relationships with any directors, senior management, substantial shareholders, or controlling shareholders of the Company.

Save as disclosed above, there are no other matters relating to his appointment needed to be brought to the attention of the Shareholders and there are no other information which are required to be disclosed under Rule 13.51(2) of the Rules Governing the Listing of Securities on the Stock Exchange.

This appendix serves as an explanatory statement, as required by the Listing Rules and Share Buyback Rules to provide requisite information to you for your consideration of the Proposed Repurchase Mandate. For the purpose of this appendix, the term “shares” shall be as defined in the Listing Rules to include shares of all classes and securities which carry a right to subscribe or purchase shares.

1. SHARE BUYBACK RULES

The Share Buyback Rules permit companies whose primary listing are on the Stock Exchange to repurchase their fully paid up shares on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(a) Shareholders’ Approval

The Share Buyback Rules provide that all on-market share repurchases by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a specific approval in relation to specific transactions or by a general mandate to the Directors of the company to make such repurchase.

(b) Source of Funds

Repurchases must be made out of funds which are legally available for the purpose and in accordance with the laws of Bermuda, the memorandum of association and the bye-laws of the company.

(c) Maximum Number of Shares to be Repurchased and Subsequent Issue

A maximum of 10 per cent of the share capital of a company in issue at the date of passing the relevant resolution may be repurchased on the Stock Exchange and a company may not, without the prior approval of the Stock Exchange, issue new shares or announce a proposed new issue of shares for a period of 30 days immediately following a share repurchase whether on the Stock Exchange or otherwise (other than an issue of securities pursuant to the exercise of warrants, share options or similar instruments requiring the company to issue securities, which were outstanding prior to the repurchase).

2. SHARE CAPITAL

At the Latest Practicable Date, the issued share capital of the Company comprised 3,395,739,873 Existing Shares.

Subject to the passing of the Ordinary Resolution as referred to in item 5 of the notice of AGM, on the basis that no outstanding Convertible Bonds has been converted and no further Shares will be issued or repurchased prior to the AGM, the Company would be allowed under the Proposed Repurchase Mandate to repurchase a maximum of 339,573,987 Existing Shares representing not more than 10 per cent of the issued share capital of the Company at the date of passing the said Ordinary Resolution.

3. REASONS FOR REPURCHASE

The Directors believe that the Proposed Repurchase Mandate is in the best interests of the Company and its Shareholders as a whole. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share of the Company and will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders.

4. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association, the Bye-Laws and the laws of Bermuda.

The laws of Bermuda provide that the amount of capital repaid in connection with a share repurchase may only be paid out of those funds legally permitted to be utilized in this connection, including capital paid up on the relevant Shares, or out of funds of the Company otherwise available for dividend or distribution or the proceeds of a fresh issue of shares made for the purpose. The amount of premium payable on repurchase may only be paid out of funds of the Company otherwise available for dividend or distribution or out of the share premium account of the Company.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position at 31 December 2014 disclosed in the most recent published audited financial statements contained in the 2014 Annual Report in the event that the power to repurchase Shares pursuant to the Proposed Repurchase Mandate was to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the power to repurchase Shares pursuant to the Proposed Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. SHARE PRICES

The highest and lowest closing prices at which the Existing Shares have been traded on the Stock Exchange during each of the 12 months preceding the Latest Practicable Date were as follows:

	Closing Price Per Share Highest HK\$	Closing Price Per Share Lowest HK\$
2014		
May	0.46 <i>(Note)</i>	0.40 <i>(Note)</i>
June	0.49 <i>(Note)</i>	0.415 <i>(Note)</i>
July	0.87 <i>(Note)</i>	0.48 <i>(Note)</i>
August	0.88 <i>(Note)</i>	0.83 <i>(Note)</i>
September	0.88 <i>(Note)</i>	0.84 <i>(Note)</i>
October	0.98 <i>(Note)</i>	0.82 <i>(Note)</i>
November	0.93 <i>(Note)</i>	0.85 <i>(Note)</i>
December	0.83 <i>(Note)</i>	0.67 <i>(Note)</i>
2015		
January	0.73 <i>(Note)</i>	0.53 <i>(Note)</i>
February	Suspended <i>(Note)</i>	Suspended <i>(Note)</i>
March	0.78 <i>(Note)</i>	0.59 <i>(Note)</i>
April	0.85 <i>(Note)</i>	0.66 <i>(Note)</i>
May (up to the Latest Practicable Date)	0.89 <i>(Note)</i>	0.76 <i>(Note)</i>

Note: This closing price has been adjusted as shown on the Stock Exchange website: www.hkex.com.hk

6. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Proposed Repurchase Mandate and in accordance with the Listing Rules and the applicable laws of Bermuda.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their close associates have any present intention to sell any Shares to the Company or its subsidiaries under the Proposed Repurchase Mandate if such is approved by the Shareholders of the Company.

No core connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Proposed Repurchase Mandate is approved by the Shareholders of the Company.

7. TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If, on the exercise of the power to repurchase Shares pursuant to the Proposed Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

At the Latest Practicable Date, to the best of the knowledge of the Directors, there was no substantial shareholder. Therefore, the above increase is not expected to give rise to an obligation on them to make a mandatory offer under Rule 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, Mr. Li Zhixiong held an interest in 309,991,666 Shares and his spouse held an interest in 43,030,000 Shares, in aggregate representing approximately 10.40% of the total issued share capital of the Company. On the basis that (i) the total issued share capital of the Company (being 3,395,739,873 Shares) remains unchanged as at the date of the AGM and (ii) the above shareholding interest of Mr. Li Zhixiong and his spouse in the Company remains unchanged immediately after the full exercise of the Proposed Repurchase Mandate, in the event that the Directors exercise in full the power to repurchase Shares in accordance with the terms of the relevant ordinary resolution to be proposed at the AGM, the shareholding interest of Mr. Li Zhixiong and his spouse in the issued Shares would be increased to approximately 11.55% of the total issued share capital of the Company.

The Directors are not aware of any consequence which may arise under the Takeovers Code as a result of any repurchases made by the Company under the Proposed Repurchase Mandate, if approved at the AGM.

The Directors do not have any present intention to exercise the Proposed Repurchase Mandate and the Company will not repurchase Shares which would result in the number of Shares held by the public being reduced to less than 25 per cent of the issued share capital of the Company.

8. SHARES REPURCHASE MADE BY THE COMPANY

The Company had not repurchased any Existing Shares (whether on the Stock Exchange or otherwise) during the 6 months preceding the date of this circular.

NOTICE OF ANNUAL GENERAL MEETING



CHINA HOUSEHOLD HOLDINGS LIMITED

中國家居控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 692)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of shareholders of the Company will be held at The Royal Pacific Hotel & Towers, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Monday, 29 June 2015 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the Directors and auditor for the year ended 31 December 2014.
2. To re-elect the retiring Directors and authorise the Board to fix their remunerations.
3. To re-appoint Elite Partners CPA Limited as the auditor of the Company and its subsidiaries and to hold office until the conclusion of the next annual general meeting, and to authorize the Board to fix their remuneration.

As special business, to consider and, if thought fit, pass with or without amendments the following resolutions as Ordinary Resolutions:

4. **“THAT:**
 - (a) subject to paragraph (c) of this resolution, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to allot, issue and deal with unissued Shares of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into Shares of the Company) which might require the exercise of such power be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) of this resolution shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into Shares of the Company) which might require the exercise of such power after the end of the Relevant Period;

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(c) the aggregate nominal value of the share capital allotted or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), or (ii) an issue of Shares of the Company upon the exercise of the subscription rights under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of Shares of the Company or rights to acquire Shares of Company, or (iii) an issue of Shares of the Company upon the exercise of the subscription rights attaching to any warrants which may be issued by the Company from time to time, or (iv) an issue of Shares of the Company in lieu of the whole or part of the dividend on Shares of the Company in accordance with the Bye-Laws, or (v) specific authority granted by the shareholders of the Company in general meeting, shall not exceed the aggregate of 20 per cent of the aggregate nominal value of the share capital of the Company in issue at the date of passing of this resolution, and the said approval shall be limited accordingly; and

(d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws or the Companies Act 1981 of Bermuda (as amended) or any other applicable laws of Bermuda to be held; or
- (iii) the passing of an Ordinary Resolution by the shareholders of the Company in general meeting revoking, varying or revising the authority given to the Directors of the Company by this resolution; and

“Rights Issue” means an offer of Shares or issue of options, warrants or other securities granting the right to subscribe for Shares of the Company, open for a period fixed by the Directors of the Company to holders of Shares in the Company whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled

NOTICE OF ANNUAL GENERAL MEETING

to the offer) on a fixed record date in proportion to their then holdings of such Shares (or, where appropriate, such other securities), subject in all cases to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company.”

5. **“THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase securities of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and which is recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Listing Rules or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of securities of the Company repurchased by the Company pursuant to the approval granted in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent of the aggregate nominal value of the share capital of the Company in issue at the date of passing of this resolution and the authority granted pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws or the Companies Act 1981 of Bermuda (as amended) or any other applicable laws of Bermuda to be held; or

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- (iii) the passing of an Ordinary Resolution by the shareholders of the Company in general meeting revoking, varying or revising the authority given to the Directors of the Company by this resolution.”
6. “**THAT** the general mandate granted to the Directors of the Company and for the time being in force to exercise the powers of the Company to allot, issue and deal with unissued Shares of the Company pursuant to resolution numbered 4 above be and is hereby extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company under the authority granted pursuant to resolution numbered 5 above, provided that such extended amount shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution.”
7. “**THAT:** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, such number of Shares which may fall to be allotted and issued pursuant to the exercise of options which may be granted under the share option scheme of the Company adopted on 28 June 2013 (the “**Share Option Scheme**”):
- (a) approval be and is hereby generally and unconditionally granted for refreshing the maximum limit of options which may be granted under the Share Option Scheme (the “**Refreshed Limit**”) provided that:
- (i) the aggregate nominal amount of the total number of Shares which may be allotted and issued upon the exercise of options to be granted under the Refreshed Limit shall not exceed 10 per cent of the aggregate nominal amount of the Shares in issue as at the date of passing of this resolution; and
- (ii) the overall limit on aggregate nominal amount of the total number of Shares which may be allotted and issued upon the exercise of all options to be granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company shall not exceed 30 per cent of the aggregate nominal amount of the Shares in issue from time to time;

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- (b) the Directors be and is hereby authorised to grant options under the Refreshed Limit and to exercise all the powers of the Company to allot, issue and otherwise deal with the Shares pursuant to the exercise of such options; and
- (c) any Director be and is hereby authorised to sign and execute such other documents and (if required) affix the common seal of the Company thereto, and do all such acts and things as he/she considers necessary, desirable or expedient in connection with the implementation.

By Order of the Board
Yuen Kwok Kuen
Company Secretary

Hong Kong, 26 May 2015

Notes:

- (1) A member entitled to attend and vote at the AGM is entitled to appoint another person as his proxy to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
- (2) To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power or authority, must be deposited at the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the AGM or any adjourned meeting thereof.
- (3) In the case of joint holders of any Share, any one of such holders may vote at the AGM either personally or by proxy in respect of such Share as if he was solely entitled thereto; but if more than one of such joint holders be present at the AGM personally or by proxy, the holder whose name stands first in the register of members of the Company shall alone be entitled to vote in respect of that Share.
- (4) Pursuant to Rule 13.39 of the Listing Rules, all votes of Shareholders at a general meeting must be taken by poll. The Chairman of the meeting will therefore demand a poll for every resolution put to the vote of the AGM pursuant to clause 70 of the Bye-Laws.