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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)

**FURTHER ANNOUNCEMENT
ISSUE OF CONVERTIBLE BONDS
AND
EXTENSION OF LONG STOP DATE**

References are made to the announcements of China Household Holdings Limited (the “Company”) dated 24 January 2017, 6 March 2017, 10 May 2017 and 12 May 2017 (the “Respective Announcements”) in relation to the issuance of convertible bonds under general mandate. Capitalized terms used in this announcement shall have the same meanings as those defined in the Respective Announcements unless otherwise defined herein.

FURTHER INFORMATION ON THE USE OF PROCEEDS OF THE SUBSCRIPTIONS

Set out below are the fund raising activities (the “Subscriptions”) conducted by the Company as disclosed in the Respective Announcements and the detail use of proceeds:

Events	Date	Type	Net Proceeds	Intended Use	Actual use of net proceeds
1st Subscription	24 January 2017	Issue of convertible bonds	Approximately HK\$139,700,000	Applied as for general working capital	Applied as for general working capital including: <ul style="list-style-type: none"> – Approximately HK\$118 million has been applied to settle trade payables – Approximately HK\$17.5 million has been applied to settle other payables including due and extended payment date of convertible bonds, rental payment amounted to HK\$10 million and HK\$7.5 million respectively – Approximately HK\$4.2 million has been applied to repayment of strict bond interest
2nd Subscription	6 March 2017	Issue of convertible bonds	Approximately HK\$92,700,000	Applied as for general working capital	Applied as for general working capital including: <ul style="list-style-type: none"> – Approximately HK\$63.3 million has been applied to settle trade payables – Approximately HK\$16.4 million has been applied to settle other payables including due and extended payment date of promissory notes, rental payment amounted to HK\$8 million and HK\$8.4 million respectively – Approximately HK\$13 million has been applied for the repayment of strict bond interest

Events	Date	Type	Net Proceeds	Intended Use	Actual use of net proceeds
3rd Subscription	10 May 2017	Issue of convertible bonds	Approximately HK\$365,100,000	To be applied as for general working capital	To be applied as for general working capital including: <ul style="list-style-type: none"> – Approximately HK\$211.7 million will be reserved to settle the other payable including repayment of loan payment, due and extended payment date of convertible bonds amounting to HK\$196.3 million and HK\$15.4 million respectively – Approximately HK\$5.7 million will be reserved to settle the repayment of bank loan – Approximately HK\$46.1 million will be applied to settle trade payables – Approximately HK\$101.6 million will be applied for the repayment of strict bond and strict bond interest amounting to HK\$88.7 million and HK\$12.9 million respectively
4th Subscription	12 May 2017	Issue of convertible bonds	Approximately HK\$99,700,000	To be applied as for general working capital	To be applied as for general working capital including: <ul style="list-style-type: none"> – Approximately HK\$36.2 million will be reserved to settle the other payable including due and extended payment date of promissory notes and rental payment amounting to HK\$28.2 million and 8 million – Approximately HK\$20.5 million will be applied for the repayment of strict bond – Approximately HK\$43 million will be reserve for general working capital

The Board concludes that the proceeds would be used purely for the existing business and future acquisition. The proceeds will not be used in the acquisition of Aerospace-Themed Tourism Township project.

CHANGES OF SHAREHOLDING

As at the date of this announcement, 6,994,090,120 Shares are in issue. Set out below is the shareholding structure of the Company (i) after the full conversion of 1st and 2nd Subscriptions and as at the date of this announcement; and (ii) immediately upon completion of the 3rd and 4th Subscriptions, assuming there would not be any allotment and issue of new Shares or Shares repurchased by the Company and after exercising in full of the conversion rights attaching to the convertible bonds of the 3rd and 4th Subscriptions; based on the best knowledge, information and belief of the Directors:

	Upon full conversion of the 1 st and 2 nd Subscriptions and as at the date of this announcement		Upon full conversion of all Subscriptions	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Shareholders				
Li Zhixiong (<i>Note 1</i>)	215,711,666	3.08	215,711,666	2.58
Luo Jianhua	1,047,550,000	14.98	1,047,550,000	12.52
Public shareholders				
Zeng Wenbin (<i>Note 2</i>)	–	–	263,157,894	3.15
Other subscribers (<i>Note 2</i>)	665,000,000	9.51	1,521,500,000	18.19
Other public shareholders	<u>5,065,828,454</u>	<u>72.43</u>	<u>5,315,828,454</u>	<u>63.56</u>
	<u><u>6,994,090,120</u></u>	<u><u>100.00</u></u>	<u><u>8,363,748,014</u></u>	<u><u>100.00</u></u>

Note(s):

1. Mr. Li Zhixiong holds 172,681,666 shares (approximately 2.46% shareholding of the Company) and his spouse holds 43,030,000 shares (approximately 0.62% shareholding of the Company) as at the date of this announcement.
2. None of the subscribers, upon full conversion of the convertible bonds, would hold more than 5% equity interest in the Company. All of these subscribers are independent to the Group.

REASONS FOR THE ISSUE OF CONVERTIBLE BONDS

The Board consider that the effective interest rate on the net cash proceeds of convertible bonds is below the coupon rate of 2% as the interest will not be paid at the end of the convertible bonds' term of 2 years. The effective interest rate is well below the effective interest rates of those strict bonds ranged from 6% to 10%, extended convertible note at 2%, extended promissory notes at 4%, bank loan at 4.9% and other loan at 2%. Also, the Convertible Bonds are non-current nature that could finance the current nature of the aforementioned debts and trade payables. The Board consider the cost of finance is very favourable to the Group when comparing with the above-mentioned debts and other sources of debt financing without collateral and leave the Group more flexibility to expand the current business and deal with other acquisitions should the opportunity arise. The Board believe the fund raising activities are beneficial to the Group, existing shareholders and the investors as a whole.

The Directors consider that the Subscriptions are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

EXTENSION OF LONG STOP DATE

On 9 June 2017, the Subscribers and the Company entered into confirmation letters pursuant to which the parties have agreed to extend the latest date for fulfillment of the conditions precedent set out in the Subscription Agreements to 23 June 2017.

Save as aforesaid, all terms and conditions of the Subscription Agreements shall remain unchanged.

By order of the board
China Household Holdings Limited
Mr. Fu Zhenjun
Executive Director

Hong Kong, 9 June 2017

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Li Zhixiong, Mr. Fu Zhenjun and Mr. Kuang Yuanwei, one non-executive director, Mr. Li Dikang, and three independent non-executive Directors, namely Dr. Loke Yu, Mr. Yu Bingguang and Mr. Lin Xuebin.