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JF Household Furnishings Limited

捷豐家居用品有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 776)

PROFIT WARNING

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that based on the preliminary assessment of the latest information available, the Group may record a loss for the six months ended 30 June 2012 as compared to a profit of the same period in 2011.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

The announcement is made by JF Household Furnishings Limited (“**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board (“**Board**”) of the directors (“**Directors**”) of the Company wishes to inform the shareholders of the Company (“**Shareholders**”) and potential investors that based on the preliminary assessment of the latest information available, the Company and its subsidiaries (collectively the “**Group**”) may record a loss for the six months ended 30 June 2012 as compared to a profit of the same period in 2011. The expected loss is mainly attributable to, among others, (i) the decrease in turnover of the stainless steel business; (ii) the disposed timber business no longer contributes to the revenue of the Group for the six months ended 30 June 2012; (iii) the absence of a significant one time gain for the six months ended 30 June 2012 as compared to a one off gain from the disposal of former subsidiaries of the Company as recorded in June 2011; and (iv) the increase of expenses in potential project identification and assessment.

The information contained in this announcement is only based on the Company’s preliminary review of the unaudited consolidated management accounts of the Group and the information currently available to the Company and is not based on any figures or information that has been audited or reviewed by the Company’s auditors. The Company is still in the process of finalizing its interim results for the six months ended 30 June 2012, and more detailed financial information and performance of the Group will be disclosed as and when the unaudited interim results for the six months ended 30 June 2012 are announced which is expected to be in late August 2012.

This profit warning constitutes a profit forecast under Rule 10 of The Codes on Takeovers and Mergers and Share Repurchases (the “Takeovers Code”). As such, the Company is required to comply with the requirements under Rule 10 of the Takeovers Code with respect to this profit warning which has to be reported on by the Company’s auditor and/or consultant accountant and financial adviser. The Company is in the process of coordinating the reports from its auditor and/or consultant accountant and financial adviser on this profit warning which is expected to be included in the composite offer and response document (“Composite Document”) to be issued jointly by Power Ocean Holdings Limited (“Power Ocean”) and the Company on or before 17 August 2012 (if not further delayed in accordance with the Takeovers Code) in relation to the unconditional mandatory cash offers (the “Offers”) as set out in the joint announcement made by Power Ocean and the Company on 19 June 2012.

Shareholders and potential investors should note that this profit warning has not been reported on in accordance with the requirements under Rule 10 of the Takeovers Code. Shareholders and potential investors should therefore exercise caution in placing reliance on this profit warning in assessing the merits and demerits of the Offers. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

By order of the Board
JF Household Furnishings Limited
Zhang Qian
Chairman

Hong Kong, 10 August 2012

As at the date of this announcement, the executive Directors are Ms Zhang Qian, Mr Leung Kwok Yin and Mr Leung Kwok Pong, and the independent non-executive Directors are Dr Liu Yongping, Mr Wu Chi Keung and Mr Wang Siyong.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement contained in this announcement misleading.

This announcement will remain on the Exchange’s HKEx news website at <http://www.hkexnews.hk/index.htm> on the “Latest Information” page for at least seven days from the date of its posting and on the Company’s website at <http://www.jffurnishings.com>.