

For illustrative purposes only, the proforma financial information prepared in accordance with Rule 7.31 of the GEM Listing Rules is set out here to provide the investors with further information on how the proposed listing of the Company might have affected the financial position of the Group after completion of the Placing. Although reasonable care has been exercised in preparing the said information, prospective investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the actual financial position of the Group after the completion of the Placing.

A. PROFORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative statement of proforma adjusted net tangible assets of the Group which has been prepared in accordance with Rule 7.31 of the GEM Listing Rules for the purpose of illustrating the Placing as if it had been taken place on 30 June 2005 and based on the combined net tangible assets of the Group as at 30 June 2005 as shown in the accountants' report, the text of which is set out in Appendix I to this prospectus, and adjusted as described below:

	Audited combined net tangible assets of the Group as at 30 June 2005 <i>HK\$'000</i>	Estimated net proceeds from the Placing <i>HK\$'000 (Note 1)</i>	Proforma adjusted net tangible assets <i>HK\$'000</i>	Proforma adjusted net tangible asset value per Share <i>HK\$ (Note 2)</i>
Based on the Placing of HK\$0.80 per Share	37,232	23,226	60,458	0.36
Based on the Placing of HK\$0.96 per Share	<u>37,232</u>	<u>29,694</u>	<u>66,926</u>	<u>0.40</u>

This statement has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of financial position of the Group following the Placing.

Notes:

- The estimated net proceeds from the Placing are based on the Placing Price of HK\$0.80 per Share and HK\$0.96 per Share respectively after deducting the underwriting fee and other related expenses payable by the Company and taking no account of any Shares to be issued pursuant to the Offer Size Adjustment Option.
- The proforma adjusted net tangible asset value per Share is arrived at based on 168,000,000 Shares in issue immediately after the Placing and taking no account of any Shares to be issued pursuant to the Offer Size Adjustment Option.
- Based on an independent valuation performed by Grant Sherman Appraisal Limited, the market value of the property interest held by the Group as at 31 July 2005 was HK\$11,820,000 which was approximately HK\$4,520,000 higher than the unaudited net book value of these properties as at 31 July 2005 of approximately HK\$7,300,000. It is the Group's accounting policy to state these properties at cost less accumulated depreciation and impairment losses, if any, and the effect of revaluation will not be incorporated in the Group's accounts. Also, such revaluation surplus of approximately HK\$4,520,000 has not been adjusted in the above unaudited pro forma net tangible assets and unaudited pro forma net tangible assets per Share. Should such revaluation surplus be taken into account, an additional depreciation charge of approximately HK\$226,000 per annum would be incurred.
- The Group's land use rights situated in the PRC under medium term leases of 50 years expiring in 2043 are considered as tangible assets as the Group has paid the consideration for occupying the land specified under the land use rights for the terms stated above.

B. COMFORT LETTER ON PROFORMA ADJUSTED NET TANGIBLE ASSETS**RSM! Nelson Wheeler**

羅申美會計師行

Certified Public Accountants

7th Floor, Allied Kajima Building,
138 Gloucester Road,
Hong Kong

5 October 2005

The Directors**JF Household Furnishings Limited**

Dear Sirs,

We report on the proforma adjusted net tangible assets (“Proforma Adjusted NTA”) set out in Section A of Appendix II to the prospectus dated 5 October 2005 (the “Prospectus”) in connection of placing of 42,000,000 shares of HK\$0.01 each in JF Household Furnishings Limited (the “Company”), which has been prepared to provide information about how the proposed listing might have affected the financial information presented.

Responsibilities

It is the responsibility solely of the directors of the Company to prepare the Proforma Adjusted NTA in accordance with Rule 7.31 of the Rules Governing the Listing of Securities on Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

It is our responsibility to form an opinion on the Proforma Adjusted NTA and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Proforma Adjusted NTA beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards and Bulletin 1998/8 “Reporting on pro forma financial information pursuant to the Listing Rules” issued by the Auditing Practices Board in the United Kingdom. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted net tangible assets with the source documents, considering the evidence supporting the adjustments and discussing the Proforma Adjusted NTA with the directors of the Company.

Because the above work does not constitute an audit or review made in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants, we do not express any such assurance on the Proforma Adjusted NTA.

The Proforma Adjusted NTA has been prepared in accordance with the basis set out in Section A of Appendix II to the Prospectus for illustrative purposes only and, because of its nature, it may not give an indicative financial position of the Company and its subsidiaries (the “Group”) as at 30 June 2005 or at any future date.

Opinion

In our opinion:

- a) the Proforma Adjusted NTA has been properly compiled on the basis stated;
- b) such basis is consistent with the accounting policies of the Group, and
- c) the adjustments are appropriate for the purposes of the Proforma Adjusted NTA as disclosed pursuant to Rule 7.31(1) of the GEM Listing Rules.

Yours faithfully,
RSM Nelson Wheeler
Certified Public Accountants
Hong Kong