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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: 8310)

DISCLOSEABLE TRANSACTION

On 27 November 2006, JF A.C.R. Equipment Supplies (Ningbo) Company Limited, a wholly-owned subsidiary of the Company, entered into a Sales Contract for the Acquisition of the Machinaries.

The Acquisition constitutes a discloseable transaction of the Company for the purposes of the GEM Listing Rules. A circular containing details of the Acquisition will be dispatched to the shareholders as soon as practicable and in any event within 21 days after publication of this announcement.

SALES CONTRACT DATED 27 NOVEMBER 2006 (“SALES CONTRACT”)

Parties

- Buyer : JF A.C.R. Equipment Supplies (Ningbo) Company Limited, a wholly foreign owned enterprise established in the People’s Republic of China (“**PRC**”) and a wholly owned subsidiary of the Company (“**JF Ningbo**”); and
- Seller : a company incorporated in Singapore, principally engaged in the distribution of machinery and systems for working materials, such as wood, glass and marble. To the best of the knowledge, information and belief of the directors (“**Directors**”) of the Company, having made all reasonable enquiry, the Seller and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (“**GEM Listing Rules**”).

MACHINARIES TO BE ACQUIRED

The machinaries to be acquired include panel sizing centre, CNC machining centre, edgbanding machine, air floating sliding table, drilling machine, inserter and certain handling equipments and accessories (collectively, “**Machinaries**”)

The Machinaries are all brand new equipment which are either manufactured by the parent company of the Seller in Italy or sourced by the Seller for JF Ningbo from manufacturers headquartered in Italy. The Machinaries are systems integrated for wood materials manufacturing.

CONSIDERATION AND PAYMENT TERM

The consideration (“Consideration”) for the acquisition of the Machinaries (“**Acquisition**”) is Euro £846,175.00 (equivalent to approximately HK\$8,657,216). 10% of the Consideration will be paid to the Seller upon the shipment of the Machinaries at Italy by way of telegraphic transfer. The remaining Consideration will be satisfied by irrevocable and confirmed letter of credit (“**Letter of Credit**”), amongst which 85% of the Consideration will be paid to the Seller upon the production of shipping documents, including commercial invoice, packing list, bills of lading, insurance policy certificate, certificate of origin and certificate of quality, etc. and 5% of the Consideration will be retained as quality bond which will only be payable after quality inspection of the Machinaries by JF Ningbo, and within 3 months of their installation and normal operation.

The Consideration was arrived at after arm’s length negotiations and had been conducted on normal commercial terms. In fact, the Consideration was the current market/retail price of such Machinaries. The Consideration will be financed by internal resources of the group (“**Group**”) of which JF Ningbo and the Company form parts.

PRINCIPAL TERMS OF THE SALES CONTRACT

The principal terms of the Sales Contract are, among others, as follows:

1. The Seller will provide all relevant commercial invoice, packing list, full set of clean bill of lading, insurance policy certificate, certificate of origin and certificate of quality issued by the manufacturers of the Machinaries. The Seller will be responsible for extra charges arising from the irregularities of such documents;
2. The Seller will guarantee the good quality of the Machinaries and the compliance of their specifications for a period of 12 months commencing from the date of their installation and commissioning;
3. The Seller will send technicians to guide the installation and commissioning of the Machinaries and will ensure that the installation and commissioning performed by the Seller will entirely conform to the terms of the Sales Contract;
4. If the quality, specifications or quantity of the Machinaries do not conform with the stipulations of the Sales Contract, JF (Ningbo) can claim for replacement by the production of the inspection certificate issued by the Bureau of Commodity Inspection within 30 days after the arrival of the Machinaries at the factory of JF (Ningbo). All of the expenses incurred therefrom will be borne by the Seller; and
5. JF (Ningbo) is responsible for all import duties and value added taxes (if any) and all other charges for custom declaration and clearance in the PRC.

REASONS FOR THE ACQUISITION

The Group is principally engaged in the manufacturing and sales of furnishings and home products and accessories primarily used in the kitchens and bathroom stainless with steel. Leveraging on the expertise and experience of the Group in the manufacturing and sales of furnishings and home products and accessories made in steel for household use, the Directors consider that it would be beneficial to the Group to expand its business horizontally in the home furnishings industry by diversifying products range with wood materials. The Directors are of the view that the manufacturing and sales of wooden furnishings will create synergetic effect to the existing business of the Group. It is expected that the new business element will enable the Group to generate additional revenue in the future.

To facilitate the Group's diversification and expansion into the business of manufacturing and sales of wooden furnishings, the acquisition of a production line integrating efficient production systems for wood processing is fundamental to such new business. The Directors, including the independent non-executive Directors, consider that the terms of the Sales Contract are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Acquisition constitutes discloseable transaction for the purposes of the GEM Listing Rules. A circular giving details of the Acquisition will be sent to the shareholders of the Company as soon as practicable and in any event within 21 days after publication of this announcement.

Since the detailed terms of payment and the terms of the Letter of Credit was only finalised on 28 November 2006, the first draft of this Announcement was submitted to The Stock Exchange of Hong Kong Limited in the evening of 4 December 2006 after the Directors duly discussed and considered the contents of this Announcement during the period between 29 November 2006 and 4 December 2006.

LIST OF ALL DIRECTORS OF THE COMPANY AS AT THE DATE OF THIS ANNOUNCEMENT

Executive Directors:

Mr. Yan Siu Wai
Mr. Leung Kwok Yin
Mr. Bao Jisheng

Independent non-executive Directors:

Mr. Kwan Kai Cheong
Mr. Garry Alides Willinge
Ms. Yu Hon Wing, Allan

By Order of the Board

Yan Siu Wai

Chairman

Hong Kong, 12 December 2006

This announcement for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting.