

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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
ACQUISITION OF LAND USE RIGHTS

The Board wishes to announce that on 11 June 2008, JF Furniture, a wholly-owned subsidiary of the Company, entered into a Confirmation on Auction Sale with Yuyao Land Bureau to acquire the Land Use Rights at the Land Consideration of RMB27,144,825 (equivalent to approximately HK\$30,592,218) following successful bid at an auction held on 11 June 2008. According to the terms of the Confirmation on Auction Sale, a state-owned land use rights transfer agreement will be entered into by JF Furniture and Yuyao Land Bureau on or before 10 July 2008.

As each of the asset ratio and the consideration ratio of the Land Consideration of the Transaction exceeds 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules. A circular containing details of the Transaction will be dispatched to the Shareholders as soon as practicable and in any event within 21 days after the publication of this announcement.

THE TRANSACTION

The Board wishes to announce that on 11 June 2008, JF Furniture, a wholly foreign owned enterprise established in the PRC and a wholly-owned subsidiary of the Company, had entered into the following Confirmation on Auction Sale (掛牌出讓成交確認書) for the acquisition of the Land Use Rights of the Land following the successful bid at an auction held on 11 June 2008:

Date	:	11 June 2008
Parties	:	(i) Yuyao Land Bureau (as offeror) (ii) JF Furniture, (as successful bidder)
Land Consideration	:	RMB27,144,825 (equivalent to approximately HK\$30,592,218)
Terms of the Land Use Rights	:	50 years from the date of handover of the Land

- Land Use Rights to be transferred : The Land Use Rights of the Land, being a parcel of a land with a total gross area of 42,085 sq.m. situated at East of Jingsi Road, Zhengxi Village, Langxia Street of Yuyao City, Zhejiang Province, PRC (中國浙江省余姚市朗霞街道鎮西村經四路東側) with land identification number 2008-1 (宗地編號2008-1) for industrial use (furniture manufacturing).
- Payment terms : JF Furniture shall pay the Land Consideration on or before 10 July 2008.

Principal terms under the auction documents and the Confirmation on Auction Sale

1. The construction on the Land shall be commenced on or before December 2008 and shall be completed for inspection before 30 December 2009;
2. The buildings to be constructed on the Land shall meet plot ratio of 1.20 or above; the construction density shall be between 32% and 45%; the proportion of green area shall be between 15% to 20%; and the height of the building shall be two storeys or above (if the height of the building is above 8 metres, the plot ratio may be calculated based on two storeys only);
3. The investment on the Land shall be RMB18,900,000 or above per hectare;
4. JF Furniture shall enter into a state- owned land use rights transfer agreement with the Yuyao Land Bureau on or before 10 July 2008.

Principal terms under the prescribed form of the Land Agreement

1. The transferee shall complete the land use rights registration and apply for the land use rights certificate within 30 days from the full payment of the Land Consideration. Yuyao Land Bureau shall, within 30 days from the receipt of the transferee's application, arrange for land use rights registration and issue the land use rights certificate to the transferee.
2. During the term of the Land Use Rights, the transferee must utilize the Land in accordance with the specific land user and conditions thereof set out in the Land Agreement. Any change of such user and conditions must be approved by Yuyao Land Bureau. In which event, a supplemental agreement or a new land agreement shall be signed and the relevant land consideration shall be adjusted and registration of the changes shall be made;
3. Upon the expiration of the term of the Land Use Rights, if the transferee wishes to extend the term of its right to use the Land, it shall apply for such extension to Yuyao Land Bureau with one year's prior notice. Yuyao Land Bureau shall approve such extension unless resumption of the Land is required due to public interest;
4. The transferee shall develop and construct on the Land in accordance with the terms of the Land Agreement. If the transferee fails to commence development or construction on the Land after the expiration of one year from the agreed date of commencement of construction, Yuyao Land Bureau may impose an idle land fee equivalent to 20% of the land consideration. If the transferee fails to commence the development or construction on the Land after the expiration of two years, Yuyao Land Bureau may resume the Land without compensation;

5. In the event that the development or construction works have commenced in accordance with the terms of the Land Agreement, but the constructed area is less than one-third of the gross floor area, or the total invested amount is less than 25% of the specified total investment, and the construction works ceased to continue for one year without approval, Yuyao Land Bureau shall also be entitled to impose the idle land fee on the transferee; and
6. Upon the full payment of the land consideration and the issue of the land use rights certificate, the transferee shall be entitled to transfer, lease and pledge the land use rights of the Land provided that on the first time of transfer (including sale, exchange or gift) of the remaining term of the land use right, certain conditions must be fulfilled, i.e. the completion of over 25% of the total investment on the Land in accordance with the agreed investment portfolio and the completion of the development of the land for industrial use or other land user in accordance with the agreed investment portfolio.

To the best of the Director's knowledge, information and belief and having made all reasonable enquiry, Yuyao Land Bureau, being a PRC governmental administrative authority, and the ultimate beneficial owner of Yuyao Land Bureau are third parties independent of the Group and connected persons of the Group as defined under the GEM Listing Rules.

To the best of the Directors' knowledge, information and belief, the Land Consideration was offered by Yuyao Land Bureau as the starting price for the auction of the Land. The starting price was set for the Land by Yuyao Land Bureau in accordance with the relevant rules and regulations of the PRC government. Since the Land Consideration (being the starting price) was offered by JF Furniture at a public auction and fixed upon JF Furniture's successful bid, the Directors, including the independent non-executive directors, consider that (i) the Land Consideration was determined on an arm's length basis; and (ii) the terms of the Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Land Consideration will be funded partly by internal resources of the Group and partly by bank borrowings.

REASONS FOR THE TRANSACTION

The Group is principally engaged in the manufacture and sale of (i) furnishings and home products and accessories primarily used in kitchens and bathrooms with stainless steel as raw materials, and (ii) wooden panel furniture. JF Furniture, being a wholly owned subsidiary of the Company and the sales and manufacturing arm of wooden panel furniture products of the Group, is in a continuous process of expanding its production capacity and diversification of its product range.

The Group intends to use the Land for the construction and setting up of a new production plant in order to meet the future expansion need of production capacity for the wooden panel furniture business. The Directors believe that the acquisition of the Land is beneficial to the operations of the Group and the construction and setting up of a new production plant will provide the Group with additional space for future operational expansion and to forge core competitiveness of the Group.

DISCLOSEABLE TRANSACTION

As each of the asset ratio and the consideration ratio of the Land Consideration of the Transaction exceeds 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules.

As at the date of this announcement, no building or property has been erected on the Land. If the costs of construction of the production plant on the Land in aggregate with the cost of acquisition of the Land shall exceed the relevant percentage ratios under Chapter 19 of the GEM Listing Rules, the Company will take all necessary steps to comply with the relevant requirements under Chapter 19 of the GEM Listing Rules.

A circular containing details of the Transaction will be dispatched to the Shareholders as soon as practicable and in any event within 21 days after the publication of this announcement.

DEFINITIONS

Unless otherwise specified, the following words and phrases have the following meanings in this announcement:

“Board”	the board of Directors;
“Company”	JF Household Furnishings Limited (捷豐家居用品有限公司), a company incorporated in the Cayman Islands with limited liability, the ordinary shares of which are listed on GEM;
“Director(s)”	the director(s) of the Company, including the independent non-executive Directors;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“Group”	the Company and its subsidiaries;
“JF Furniture”	寧波捷豐現代傢俱有限公司(Ningbo JF Modern Furniture Co., Ltd.), a wholly foreign owned enterprise established in the PRC on 25 July 2006 and a wholly owned subsidiary of the Company;
“Land”	a parcel of a land with a total gross area of 42,085 sq.m. situated at East of Jingsi Road, Zhengxi Village, Langxia Street of Yuyao City, Zhejiang Province, PRC (中國浙江省余姚市朗霞街道鎮西村經四路東側) with land identification number 2008-1 (宗地編號2008-1) for industrial use (furniture manufacturing);
“Land Agreement”	a state-owned land use rights transfer agreement, together with any supplemental agreement, to be entered into between JF Furniture and Yuyao Land Bureau in relation to the transfer of the Land Use Rights;
“Land Consideration”	the consideration of RMB27,144,825 (equivalent to approximately HK\$30,592,218) for the acquisition of the Land Use Rights;
“Land Use Rights”	the land use rights for the Land;
“PRC”	the People’s Republic of China;

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the acquisition of the Land Use Rights pursuant to the Confirmation on Auction Sale and the Land Agreement;
“Yuyao Land Bureau”	Bureau of Land Resources of Yuyao Municipal, Zhejiang Province, the PRC (中華人民共和國浙江省余姚市國土資源局), one of the PRC governmental administrative authorities under the Zhejiang provincial government which is responsible for the management of land resources in Yuyao, Zhejiang Province
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC and for the purpose of this announcement, Renminbi is translated into Hong Kong dollars at a fixed rate of RMB1.00 = HK\$1.127
“%”	per cent

By order of the Board of
JF Household Furnishings Limited
Yan Siu Wai
Chairman

Hong Kong, 13 June 2008

As at the date of this announcement, the executive Directors are Messrs Yan Siu Wai, Leung Kwok Yin and Bao Jisheng; the non-executive Director is Messr Kwan Kai Cheong; and the independent non-executive Directors are Messrs Yu Hon Wing Allan, Garry Alides Willinge and Chu Kwok Man.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM 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 announcement is accurate and complete in all material respects and not misleading; there are no other matters the omission of which would make any statement in this announcement misleading; and 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 <http://www.hkgem.com> on the “Latest Company Announcement” page for at least seven days from the date of its posting.