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)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

FINANCIAL HIGHLIGHTS

	Year ended 31 December				
	2004	2005	2006	2007	**2008**
	HK$	*HK$*	*HK$*	*HK$*	***HK$***
Results					
Turnover	152,459,445	199,625,181	193,902,367	353,755,842	**403,056,696**
Profit attributable to shareholders of the Company	18,876,904	23,659,231	20,662,883	27,656,969	**22,805,673**
Assets and Liabilities					
Total assets	84,794,832	116,591,011	132,972,559	231,706,985	**271,867,371**
Total liabilities	59,490,978	41,436,610	43,448,295	115,376,003	**129,991,671**
Equity attributable to shareholders of the Company	25,303,854	75,154,401	89,524,264	116,330,982	**141,875,700**
Earnings per share					
Basic	0.14	0.17	0.12	0.16	**0.13**
Diluted	N/A	0.17	0.12	0.16	**0.13**

THE FINANCIAL STATEMENTS

The board ("Board") of directors ("Directors") of JF Household Furnishings Limited ("Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2008, together with the comparative audited figures for the year ended 31 December 2007 which have been reviewed and approved by the Audit Committee as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Note	**2008** *HK$*	2007 *HK$*
REVENUE	*3*	**403,056,696**	353,755,842
Cost of goods sold		**(342,679,886)**	(304,886,077)
Gross profit		**60,376,810**	48,869,765
Other income	*3*	**4,826,701**	4,567,934
Distribution costs		**(4,295,843)**	(4,252,584)
Administrative expenses		**(21,619,548)**	(13,257,393)
Other operating expenses		**(2,288,887)**	—
PROFIT FROM OPERATIONS		**36,999,233**	35,927,722
Finance costs	*4*	**(5,463,506)**	(3,127,637)
PROFIT BEFORE TAX		**31,535,727**	32,800,085
Income tax expense	*5*	**(8,730,054)**	(5,143,116)
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*6*	**22,805,673**	27,656,969
DIVIDEND	*7*	**8,699,750**	8,617,000
EARNINGS PER SHARE	*8*		
Basic		**0.13**	0.16
Diluted		**0.13**	0.16

CONSOLIDATED BALANCE SHEET

At 31 December 2008

	Note	2008 HK$	2007 HK$
Non-current assets			
Property, plant and equipment		**66,040,326**	56,946,256
Land use rights		**50,700,545**	18,072,369
Deposit paid for acquisition of land use rights		**—**	—
Available-for-sale financial assets		**2,000,000**	—
		118,740,871	75,018,625
Current assets			
Inventories		**80,695,507**	92,507,698
Trade receivables	9	**46,161,939**	35,731,827
Deposits, other receivables and prepayments		**3,743,696**	5,600,919
Financial assets at fair value through profit or loss		**—**	2,288,887
Pledged bank deposits		**1,064,958**	2,085,047
Bank and cash balances		**21,460,400**	18,473,982
		153,126,500	156,688,360
Current liabilities			
Trade payables	10	**30,854,456**	29,980,551
Other payables and accruals		**9,723,559**	6,979,265
Due to directors		**—**	540,000
Current tax liabilities		**7,492,310**	3,011,352
Bank borrowings		**78,357,969**	68,679,413
Finance lease payable		**—**	1,903,207
		126,428,294	111,093,788
NET CURRENT ASSETS		**26,698,206**	45,594,572
TOTAL ASSETS LESS CURRENT LIABILITIES		**145,439,077**	120,613,197
Non-current liabilities			
Bank borrowings		**2,541,579**	—
Finance lease payable		**—**	4,282,215
Deferred tax liabilities		**1,021,798**	—
		3,563,377	4,282,215
NET ASSETS		**141,875,700**	116,330,982
CAPITAL AND RESERVES			
Share capital		**1,739,950**	1,709,400
Reserves		**140,135,750**	114,621,582
TOTAL EQUITY		**141,875,700**	116,330,982

Note:

1. Adoption of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for accounting periods beginning on 1 January 2008. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its result of operations and financial position.

2. Basis of Preparation

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss which are carried at their fair values.

3. Revenue, Other Income and Segment Information

The Group's turnover represented the net invoiced value of goods sold to customers, after allowances for trade discounts and returns.

	2008	2007
	HK$	*HK$*
Revenue		
Sales of goods	**403,056,696**	353,755,842
Other Income		
Exchange gain	**2,975,585**	—
Fair value change on financial assets at fair value through profit or loss	**—**	2,288,887
Government grants	**693,356**	502,960
Interest income	**156,792**	229,230
Tax refund on re-investment	**—**	1,545,718
Write back of trade payables	**979,766**	—
Others	**21,202**	1,139
	4,826,701	4,567,934

Segment information is presented by way of two segment formats:

(i) on a primary segment reporting basis, by geographical segments; and

(ii) on a secondary segment reporting basis, by business segments.

The Group is principally engaged in the manufacture and sale of (i) furnishings, home products and accessories primarily used in kitchens and bathrooms with stainless steel as raw materials and (ii) wooden panel furniture.

(a) **Geographical segments based on the location of customers**

In determining the Group's geographical segments, revenues, results, assets and liabilities are attributed to the segments based on the location of the customers.

The following tables present revenue, results, assets, liabilities and capital expenditure information for the Group's geographical segments.

	The PRC		Hong Kong		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Segment revenue:						
Sales to external customers	**83,020,136**	72,058,537	**320,036,560**	281,697,305	**403,056,696**	353,755,842
Segment results	**11,217,869**	7,826,545	**39,141,522**	32,674,947	**50,359,391**	40,501,492
Other income					**4,826,701**	4,567,934
Unallocated expenses					**(18,186,859)**	(9,141,704)
Profit from operations					**36,999,233**	35,927,722
Finance costs					**(5,463,506)**	(3,127,637)
Profit before tax					**31,535,727**	32,800,085
Income tax expense					**(8,730,054)**	(5,143,116)
Profit for the year					**22,805,673**	27,656,969
Segment assets	**12,658,343**	4,919,473	**33,503,596**	30,818,490	**46,161,939**	35,737,963
Unallocated assets					**225,705,432**	195,969,022
Total assets					**271,867,371**	231,706,985
Unallocated liabilities					**129,991,671**	115,376,003
Other segment information:						
Unallocated depreciation					**4,950,719**	2,895,250
Unallocated capital expenditure					**9,959,741**	28,466,892

(b) **Geographic segments based on the location of assets**

All of the Group's assets are substantially located in the PRC. No additional information in respect of segment assets and capital expenditure information are presented.

(c) Business segments

The following table presents revenue, assets and capital expenditure information for the Group's business segments.

	Manufacturing and sale of stainless steel furnishings and home products		Manufacturing and sale of wooden furnishings and home products		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Segment revenue	**287,389,352**	285,039,513	**115,667,344**	68,716,329	**403,056,696**	353,755,842
Segment assets	**112,737,503**	138,528,911	**146,704,503**	90,184,822	**259,442,006**	228,713,733
Unallocated assets					**12,425,365**	2,993,252
					271,867,371	231,706,985
Capital expenditure	**1,705,900**	3,151,567	**8,253,841**	25,315,325	**9,959,741**	28,466,892

4. FINANCE COSTS

	2008	2007
	HK$	*HK$*
Finance lease charges	**219,572**	395,600
Interest on bank loans	**5,243,934**	3,140,844
Amount capitalised	**—**	(408,807)
	5,463,506	3,127,637

Borrowing costs on funds borrowed generally are capitalised at a rate of Nil% per annum (2007: 6.16%).

5. INCOME TAX EXPENSE

(a) Taxation included in the consolidated income statement represents:

	2008	2007
	HK$	*HK$*
Current tax — PRC enterprise income tax	**7,708,256**	5,143,116
Deferred tax — Withholding tax on dividend — PRC	**1,021,798**	—
	8,730,054	5,143,116

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year (2007: HK$Nil).

Pursuant to the New PRC enterprise income tax law, which is passed by the Tenth National People's Congress on 16 March 2007 and effective from 1 January 2008, the enterprise income tax has various changes. It includes the unification of the enterprise income tax rate for domestic and foreign enterprises at 25%; cancellation of existing tax holiday available to export-oriented enterprises; and enforcement of commencement of the tax holiday ("Enforcement of Tax Holiday") on 1 January 2008 for those Foreign Investment Enterprises which have not commenced their tax holiday due to ongoing tax losses since their commencement of businesses.

JF Ningbo was previously entitled to a tax holiday of 50% reduction for the enterprise income tax as over 70% of the goods sold were exported goods. Such preferential tax treatment has ceased from 1 January 2008. Provision for PRC enterprise income tax has been made on the taxable profits for the year ended 31 December 2008 at 25% (2007: 13.2%).

寧波捷豐金屬制品有限公司 (Ningbo JF Metal Products Co., Ltd.) ("JF Metal") and 寧波捷豐現代家俱有限公司 (Ningbo JF Furniture Co., Ltd.) ("JF Furniture"), two subsidiaries of the Company operating in Zhejiang Province, the PRC, is entitled to a two-year exemption from enterprise income tax starting from its first profit-making year followed by a 50% reduction for the subsequent three years. Pursuant to the Enforcement of Tax Holiday, tax holiday for JF Metal and JF Furniture commenced on 1 January 2008. Hence, no provision for PRC enterprise income tax has been made for the year ended 31 December 2008 as JF Metal and JF Furniture were both in tax holiday.

(b) The reconciliation between the income tax expense and the product of profit before tax multiplied by the PRC enterprise income tax rate is as follows:

	2008	2007
	HK$	*HK$*
Profit before tax	**31,535,727**	32,800,085
Tax at PRC enterprise income tax rate of 25% (2007: 33%)	**7,883,931**	10,824,028
Effect of preferential tax rate	**—**	(6,494,417)
Tax effect of income that is not taxable	**(15,367,518)**	(222,963)
Tax effect of expenses that are not deductible	**17,918,818**	944,517
Tax effect of tax losses not recognised	**—**	99,759
Tax effect of unrecognised temporary difference	**(17,883)**	(7,808)
Tax effect of income tax on concession	**(2,709,092)**	—
Tax effect of withholding tax on dividend	**1,021,798**	—
Income tax expense	**8,730,054**	5,143,116

6. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging the following:

	2008	2007
	HK$	*HK$*
Auditors' remuneration	**615,359**	731,112
Cost of inventories sold	**342,679,886**	304,886,077
Depreciation	**4,950,719**	2,895,250
Fair value change on financial assets at fair value through profit or loss	**2,288,887**	—
Staff costs (including directors' emoluments)		
Fees	**303,770**	260,000
Basic salaries, bonuses, allowances and benefits in kind	**26,230,369**	21,220,376
Retirement benefits scheme contributions	**2,290,432**	2,353,102
Operating lease — land and buildings	**1,096,639**	328,430
Net exchange losses	**—**	408,470

7. DIVIDEND

	2008	2007
	HK$	*HK$*
Proposed final dividend — HK5 cents (2007: HK5 cents) per ordinary share	**8,699,750**	8,617,000

The previously recorded final dividend for the year ended 31 December 2007 was HK$8,547,000. The additional amount of HK$70,000 paid was as a result of the exercise of share options prior to approval of final dividend at the annual general meeting.

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share are based on the following:

	2008	2007
	HK$	*HK$*
Earnings		
Profit attributable to equity holders of the Company, used in the basic and diluted earnings per share calculation	**22,805,673**	27,656,969
Number of shares		
Weighted average number of ordinary shares used in basic earnings per share calculation	**172,748,826**	170,017,754
Effect of share options	**3,066,613**	2,931,726
Weighted average number of ordinary shares used in diluted earnings per share calculation	**175,815,439**	172,949,480

9. TRADE RECEIVABLES

The Group normally granted customers with credit terms of 30 to 90 days. The ageing analysis of the Group's trade receivables is as follows:

	2008	2007
	HK$	*HK$*
0 - 30 days	**45,913,446**	34,475,494
31 - 60 days	**123,409**	1,139,943
61 - 90 days	**—**	—
Over 90 days	**125,084**	116,390
	46,161,939	35,731,827

10. TRADE PAYABLES

The Group normally obtains credit terms ranging from 30 to 90 days from its suppliers.

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	2008	2007
	HK$	*HK$*
0 - 30 days	**22,736,917**	23,013,291
31 - 60 days	**6,436,911**	3,747,698
61 - 90 days	**138,959**	583,753
Over 90 days	**1,541,669**	2,635,809
	30,854,456	29,980,551

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Year 2008 represents a very difficult and challenging year for the Group. During the year, the Group's businesses were first adversely affected by the tightening of the labour policies by the PRC government and the elimination of preferential tax treatment for export businesses and foreign-owned enterprises, and subsequently impacted by the severe global economic slow down during the second half of the year. Given the tough operating environment in the year 2008, the management is pleased to see that the Group was able to deliver profit after tax of about HK$22.8 million for the year ended 31 December 2008 after netting off the extraordinary expenses of approximately HK$4.2 million incurred for the transfer of listing of the Company's shares from the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited ("Stock Exchange") to the Main Board of the Stock Exchange in September 2008 ("Transfer of Listing"), which should have been maintained, roughly in the same level of approximately HK$27.7 million for the year ended 31 December 2007 without the extraordinary expenses.

The tightening of the labour policies by the PRC government had directly increased the labour costs and indirectly affected labour morale. In order to minimize the impact on the factory's performance, the Group had tightened the labour management, reduced overall staff numbers and further promoted performance-based remuneration package to uplift the labour spirit.

The completion of the new 30,000 square meters timber plant and the installation of new equipment in June 2007 enabled the Group to expand the production level of timber products in 2008. While the turnover attributed by the sales of timber products increased by 68.3% in 2008, gross profit margin of timber products increased from 4.2% in 2007 to 12.9% in 2008.

Although the appreciation in Renminbi continued to affect the Group's performance, the hedging contracts secured was able to conclude an overall net foreign exchange gain of over approximately HK$687,000 for the Group during the year under review.

In order to prepare for further expansion of the timber production lines, the Group acquired the land use rights of a parcel of land ("Land") with a total gross area of 42,085 square meters located adjacent to the existing production facilities of the timber products in June 2008 at a consideration of approximately RMB27.1 million.

Further, the Group continued to expand its business base through developing new products. During 2008, the Group had developed 13 new stainless steel products, including 5 in the kitchen series and 5 in the bathroom series.

For the timber division, the Group continued to enlarge its product base, and had developed 21 new models in the kitchen cabinet series during the year under review.

OUTLOOK AND FUTURE PROSPECTS

Year 2009 is expected to be another year of tough challenge for most of the businesses in the PRC, especially for the export oriented manufacturing factories in the PRC. However, the management is confident that the Company is in a strong position to ride out from this recession period with various strategies of the Group including the improvement of production efficiency and the diversification of product base.

In 2009, the Group plans to shift the stainless steel production lines to a higher automatic process. The improvement will mainly come from the stainless tube production line, stainless desk production line, stainless shelf production line, and stainless box production line.

To expand the product base, the Group plans to develop 72 new products in the stainless steel division and at least 60 new products in the timber division. The focus of year 2009 will be in the kitchen cabinet series, where the Group plans to introduce at least 30 new products. At the date of this announcement, the first batch products of this new cabinet series have been completed, and normal production and delivery is expected to begin shortly.

During 2008, the sophistication of the management and staff in the timber manufacturing processes had grown continuously, with satisfactory feedbacks and recognition from our key customer. Our recent discussion with the representatives from the key customer were positive and plans for introducing the new series of environmentally-friendly timber products is likely to be proceeded despite the worldwide economic downturn. It is expected that trial production will begin in the third quarter of year 2009. To prepare for the expansion of production lines for this significant new series of environmentally-friendly timber products, the Group has acquired the Land and planned to build a new 30,000 square meters production plant to house the new production facilities.

If the economy continues to deteriorate, prices for the key raw materials, such as wood panel and stainless steel, are expected to drop further. The management is optimistic that the drop of prices for the raw materials will create room for price reduction in our products as the Group strives to maintain and increase orders above the level of 2008.

The management expects the RMB to be relatively stable for the year, and the impact of appreciation in RMB on the Group's performance can be effectively controlled in year 2009.

Looking ahead, the management is cautiously optimistic that the Group will ride out of the current economic crisis and become more competitive in the coming new economic order with our efforts in the improvement of production efficiency and the acceleration in product development and diversification.

RESULTS OF OPERATIONS

For the fiscal year ended 31 December 2008, the Group reported a turnover of approximately HK$403.1 million, representing an increase of 13.9% from that of the fiscal year of 2007. The increase of turnover came mainly from the growth of the timber division. Turnover for the timber division increased to approximately HK$115.7 million in 2008 from approximately HK$68.7 million in 2007, as the management and the staff of the Group are becoming more sophisticated in the timber manufacturing process. Turnover for the stainless steel division remained stable and increased slightly from approximately HK$285.0 million for the year ended 31 December 2007 to approximately HK$287.4 million for the year ended 31 December 2008.

Overall gross profit margin increased from 13.8% in the year 2007 to 15.0% in 2008, mainly due to the improvement in the timber division.

Gross profit margin for the stainless steel division dropped from 16.1% in 2007 to 15.6% in 2008 as the profit of the stainless steel business was still adversely affected by the reduction in the import tax refund rate from 13% to the current rate of 5%.

Prices for stainless steel continued to drop during the year under review, with the average cost of purchase for type "304" ("Type 304") steel dropped from RMB30.0 per kilogram to RMB25.4 per kilogram. Raw material costs as a percentage of turnover in the stainless steel division declined from 68.4% to 66.1% in 2008 as the price of stainless steel started to drop and the management increased use of the 21 CT materials in place of more expensive raw materials such as Type 304.

Gross profit margin for the timber division rose from 4.3% in 2007 to 13.4% in 2008, as the management was able to improve material utilization rate. Raw material costs as a percentage of turnover reduce from 85.9% in 2007 to 76.39% in 2008.

Total expenses (including selling and administration) increased significantly from approximately HK$17.5 million in 2007 to HK$25.9 million in 2008 as a result of a one-time expense of approximately HK$4.2 million for the Transfer of Listing and the increased costs of full scale operation of the new timber division.

Selling and distribution costs stayed at around the same level of around HK$4.3 million when turnover increased by 13.9%, mainly because of a reclassification of packaging material costs into part of the production costs. Excluding the effect of the reclassification, selling and distribution expenses increased by 23.7%, mainly due to the increase in turnover of timber products.

Administrative expenses increased by approximately HK$8.3 million from approximately HK$13.3 million to approximately HK$21.6 million. The increase was mainly due to a one-time costs of approximately HK$4.2 million for the Transfer of Listing.

Excluding the expenses incurred for the Transfer of Listing, the regular administrative expenses increased by approximately HK$4.1 million from approximately HK$13.3 million in 2007 to approximately HK$17.4 million in 2008, mainly because of the increase of approximately HK$2.6 million in staff expenses, approximately HK$279,000 in office expenses, approximately HK$280,000 in amortization of land use rights, approximately HK$328,000 in amortization of software, and approximately HK$573,000 in finance charges.

Interest costs rose again to approximately approximately HK$5.5 million in 2008 from HK$3.1 million in 2007, or 74.7%, as the average bank borrowings rose to a higher level of around HK$86.4 million, mainly due to the purchase of the Land at a consideration of approximately RMB27.1 million.

Income tax expenses increased from approximately HK$5.1 million in 2007 to HK$8.7 million in 2008, with the average tax rate of 27.7% in 2008, compared with the average tax rate of 15.7% level in 2007. The increase of average tax rate is mainly due to the cessation of the income tax rate concession for firms that export over 70% of their products. Moreover, in 2008, the dividend payable by the PRC subsidiary of the Company is subject to a withholding tax rate of 10%.

Net profit in 2008 was approximately HK$22.8 million, representing a 17.5% decline as compared to that of 2007. The decline in net profit mainly came from the one time costs for the Transfer of Listing and the increase in applicable tax rates.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING AND TREASURY POLICY

The Group's overall financial position was affected by two main factors: the 13.9% increase in turnover which increased the working capital requirement, and the purchase of the Land in June 2008. The expansion was financed by concrete support from banks.

As at 31 December 2008, the Group had bank and cash balances of approximately HK$21.5 million (2007: HK$18.5 million) and net current assets of approximately HK$26.7 million which was much lower than the approximately HK$45.6 million recorded in 2007, mainly due to higher bank borrowings and higher tax liabilities. Non-current assets continue to increase by approximately HK$43.7 million to approximately HK$118.7 million in the current year. The increase was mainly due to the approximately RMB27.1 million purchase of the Land in preparation of further expansion.

As at 31 December 2008, the Group had current liabilities of approximately HK$126.4 million, which was higher than the 2007 year end balance of approximately HK$111.1 million. The higher position consisted mainly of the increase of current tax liabilities by approximately HK$4.5 million and the increase of bank borrowings by approximately HK$9.7 million related to the purchase of the Land.

GEARING RATIO

The Group's gearing ratio, which was derived from the total bank borrowings to total assets, declined to 29.8% in 2008 from 32.3% in 2007, as the Group purchased the Land at a consideration of approximately RMB27.1 million while increasing its bank borrowing by around HK$6 million only.

FUTURE PLANS FOR MATERIAL INVESTMENTS

Save as disclosed in this announcement, the Company had no material acquisition or capital expenditure plan as of 31 December 2008.

CONTINGENT LIABILITIES

As at 31 December 2008, the Group did not have any significant contingent liabilities (2007: Nil).

SUBSEQUENT EVENTS

No subsequent events occurred after 31 December 2008, which may have significant effects on the assets and liabilities of future operations of the Group.

FOREIGN EXCHANGE EXPOSURE

All transactions of the Group are denominated in RMB, Hong Kong dollars or US dollars. As RMB may continue to fluctuate in the foreseeable future, the Group will maintain a sizable portion of its borrowings in Hong Kong dollars, which form a natural hedge with the Group's sales denominated in US dollars.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2008, the Group employed approximately 820 staff in the PRC and Hong Kong, representing a reduction of 120 staff from 31 December 2007. The Group's remuneration to employees, including Directors' emoluments, increased by approximately HK$5 million to approximately HK$28.8 million for the current fiscal year. The Group reviews employee remuneration annually and rewards its employee with reference to the length of services and performance. The Group also has the liberty to grant share options and bonuses to employees of the Group at the discretion of the Directors based on the financial performance of the Group.

CAPITAL STRUCTURE

Since the listing of the Company's shares on GEM of the Stock Exchange on 13 October 2005, there has been no change in the capital structure of the Company. The share capital of the Company comprises only ordinary shares.

COMPETING INTEREST

None of the Directors, management shareholders or their respective associates (as defined in Rules Governing the Listing of Securities on GEM ("GEM Listing Rules") and the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") respectively), had any interests in any business which compete or may compete with the Company or any other conflicts of interest which any such person may have with the Company.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURE OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2008, the interests and short positions of the Directors and the chief executives of the Company and each of their respective associates (as defined under the Listing Rules), in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") which (a) were required, to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the Part XV of the SFO (including interests and short positions which the Directors were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Interests in the shares of the Company

Name of Director	Personal interests	Family interests	Corporate interests	Total	Approximate percentage of the total issued capital of the Company
Mr. Yan Siu Wai	12,600,000	—	63,000,000	75,600,000 *(Note 1)*	43.45%
Mr. Leung Kwok Yin	15,120,000	—	12,600,000	27,720,000 *(Note 2)*	15.93%
Mr. Bao Jisheng	1,000,000	—	22,680,000	23,680,000 *(Note 3)*	13.61%

Notes:

1. Among these 75,600,000 shares, (i) 34,020,000 shares were registered in the name of Excel Strength Investments Limited ("Excel Strength"); (ii) 28,980,000 shares were registered in the name of Willhero Investments Limited ("Willhero"); and (iii) the remaining 12,600,000 shares were registered in the name of Mr. Yan Siu Wai directly. Each of Excel Strength and Willhero is a company incorporated in the British Virgin Islands ("BVI") and whose entire issued capital is solely owned by Mr. Yan Siu Wai. By virtue of the SFO, Mr. Yan Siu Wai was deemed to be interested in 63,000,000 shares through his shareholdings in Excel Strength and Willhero.

2. Among these 27,720,000 shares, (i) 12,600,000 shares were registered in the name of Joyday Consultants Limited ("Joyday"); and (ii) the remaining 15,120,000 shares were registered in the name of Mr. Leung Kwok Yin directly. Joyday is a company incorporated in the BVI and whose entire issued capital is solely owned by Mr. Leung Kwok Yin. By virtue of the SFO, Mr. Leung Kwok Yin was deemed to be interested in 12,600,000 shares through his shareholdings in Joyday.

3. Among these 23,680,000 shares, (i) 22,680,000 shares were registered in the name of Hero Talent Investments Limited ("**Hero Talent**"); and (ii) the remaining 1,000,000 shares were registered in the name of Mr. Bao Jisheng directly. Hero Talent is a company incorporated in the BVI and whose entire issued capital is solely owned by Mr. Bao Jisheng. By virtue of the SFO, Mr. Bao Jisheng was deemed to be interested in 22,680,000 shares through his shareholdings in Hero Talent.

Interests in underlying shares of the Company

As at 31 December 2008, three executive Directors have been granted options to subscribe for shares, pursuant to the Pre-IPO Share Option Scheme) as defined in the paragraph headed "Share Options" below), details of the outstanding share options are set out as follows:

Name of Director	**Number of Underlying Shares**	**Date of Grant**	**Exercise Period** *(Note)*	**Exercise price per share**
Mr. Yan Siu Wai	4,435,200	8 September 2005	13 April 2006 to 12 October 2010	HK$0.80
Mr. Leung Kwok Yin	2,956,800	8 September 2005	13 April 2006 to 12 October 2010	HK$0.80
Mr. Bao Jisheng	2,360,000	8 September 2005	13 April 2006 to 12 October 2010	HK$0.80

Note:

The exercise of the options by the Directors was subject to a moratorium period of 12 months from the date of listing of its Shares on GEM which had expired on 12 October 2006.

Save as disclosed above, as at 31 December 2008, none of the Directors or chief executive of the Company and each of their respective associates (as defined under the Listing Rules) had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2008, other than the interests disclosed above in respect of certain Directors, the Directors were not aware of any other persons who had interests or short positions in the shares or the underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTIONS

By written resolutions passed on 8 September 2005, the then shareholders of the Company approved and adopted a share option scheme entitling the Board to grant Share options at its discretion before the listing of the Shares (the "Pre-IPO Share Option Scheme"), and conditionally adopted a post-IPO share option scheme on GEM (the "Post-IPO Share Option Scheme"). By an ordinary resolution passed on 26 November 2008, the then shareholders of the Company approved (i) the adoption of a new share option scheme ("**New Share Option Scheme**"), and (ii) the termination of the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme. Pursuant to the terms of the Pre-IPO Share Option Scheme, the share options previously granted under the Pre-IPO Share Option Scheme but not yet exercised will remain valid and exercisable in accordance with the provisions of the Pre-IPO Share Option Scheme and the terms of issue of such options. Details of the share options granted on 8 September 2005 pursuant to the Pre-IPO Share Option Scheme and remained outstanding as at 31 December 2008 are as follows:

		Options held as at 1 January 2008	Options exercised during the year ended 31 December 2008	Options held as at 31 December 2008	Exercise price *HK$*
(A)	Employees	2,688,000	—	2,688,000	0.80
		3,780,000	(2,055,000)	1,725,000	0.56
(B)	Directors				
	Yan Siu Wai	4,435,200	—	4,435,200	0.80
	Leung Kwok Yin	2,956,800	—	2,956,800	0.80
	Bao Jisheng	3,360,000	(1,000,000)	2,360,000	0.80
		17,220,000	(3,055,000)	14,165,000	

SHARE OPTION SCHEME

Save as disclosed above, no options granted under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme are still outstanding, and no options have been granted under the New Share Option Scheme since its adoption on 26 November 2008.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or any time during the year save and except for the transactions disclosed as connected and/or related party transactions in accordance with the requirements of the then applicable GEM Listing Rules (before the Transfer of Listing), the Listing Rules (after the Transfer of Listing) and accounting principles generally accepted in Hong Kong.

PURCHASE, SALE OR REDEMPTION OF SHARES

Since the listing of the Company's shares on GEM on 13 October 2005, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

CODE OF BEST PRACTICE

The Group is committed to ensuring high standards of corporate governance and business practices. The Group has complied throughout the period from 1 January 2008 to 31 December 2008 with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules (before the Transfer of Listing) and Appendix 14 of the Listing Rules (after the Transfer of Listing). The Board will continue to commit itself to achieving a high quality of corporate governance.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted a code of conduct regarding Directors' securities transactions as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (before the Transfer of Listing) and Appendix 10 of the Listing Rules (after the Transfer of Listing). Having made specific enquiry, all Directors have fully complied with the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules (before the Transfer of Listing) and Appendix 10 of the Listing Rules (after the Transfer of Listing) for the year ended 31 December 2008.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in accordance with the GEM Listing Rules and the Listing Rules. The primary duties of the audit committee are to review the Company's annual report and accounts, half-year reports and quarterly reports and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing internal control procedures of the Group.

The audit committee comprises of the three independent non-executive Directors, namely, Mr. Yu Hon Wing, Allan (Chairman), Mr. Garry Alides Willinge and Mr. Chu Kwok Man, and one non-executive Director, namely, Mr. Kwan Kai Cheong.

The committee members possess diversified industry experience and the Chairman is an expert on financial and auditing matters. The committee met three times last year. During 2008, the audit committee considered the external auditors' projected audit fees, discussed with the external auditors their independence and the nature and scope of the audit; reviewed the interim and annual financial statements; and reviewed the external auditors' management letter and management's response. As a result, they recommended the Board to adopt the first quarterly, the interim and annual reports for 2008.

REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed the financial statements for the year ended 31 December 2008, including the accounting principles and practice adopted by the Group, in conjunction with the Company's external auditors.

ANNUAL GENERAL MEETING

The annual general meeting ("AGM") of the Company will be held at Plaza IV, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong, on Thursday, 14 May 2009 at 4:00 p.m. and the notice of AGM will be published and dispatched to the shareholders in the manner as required by the Listing Rules.

FINAL DIVIDEND

The Board recommends the payment of a final dividend for the year ended 31 December 2008 of HK5 cents per share (2007: HK5 cents). Subject to the approval of the 2008 final dividend by the shareholders at the AGM to be held on 14 May 2009, it is expected that those dividends will be paid on 18 May 2009 to the shareholders registered on 14 May 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 11 May 2009 to 14 May 2009, both days inclusive. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar, Tricor Investor Services Limited at Level 26, Tesbury Centre, 28 Queen's Road East, Hong Kong no later than 4:30 p.m. on 8 May 2009.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Company (http://www.jffurnishings.com) and the Stock Exchange (http://www.hkexnews.hk/index.htm). The annual report containing all the information required by the Listing Rules will be dispatched to the shareholders and published on the aforesaid websites in due course.

APPRECIATION

The Board would like to express sincere appreciation to all of the Group's investors, customers, partners and shareholders for their ongoing support to the Group and would also like to thank the staff of the Group for their invaluable contributions throughout the year.

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

Hong Kong, 7 April 2009

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

This announcement will remain on the "Latest Company Announcements" page on the Exchange's HKEX news website at http://www.hkexnews.hk/index.htm for at least seven days from the day of its posting and on the Company's website at http://www.jffurnishings.com.