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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)

DISCLOSEABLE TRANSACTION
SUPPLEMENTAL AGREEMENT IN RELATION TO
DISPOSAL OF PROPERTY

Reference is made to the Previous Announcement of the Company dated 30 September 2010 in relation to the Transfer Agreement entered into between JF Ningbo and Ningbo Hezhong for the disposal of the Property to Ningbo Hezhong at the Consideration of RMB25,000,000 (equivalent to approximately HK\$29,043,608 as at the date of the Transfer Agreement).

The Board wishes to announce that on 29 December 2012, the Supplemental Agreement was entered into among JF Ningbo, Ningbo Hezhong and Ningbo Jialong, pursuant to which Ningbo Hezhong nominated Ningbo Jialong to take up the assignment of the land use rights of the Land and the building ownership of the Workshops in substitution of Ningbo Hezhong in accordance with the terms of the Transfer Agreement.

INTRODUCTION

Reference is made to an announcement of the Company dated 30 September 2010 (“**Previous Announcement**”) in relation to the Transfer Agreement entered into between JF Ningbo and Ningbo Hezhong for the disposal of the Property to Ningbo Hezhong at the Consideration of RMB25,000,000 (equivalent to approximately HK\$29,043,608 as at the date of the Transfer Agreement). Terms used in this announcement shall have the same meanings as defined in the Previous Announcement unless otherwise defined.

As at the date of this announcement, the first two installments of the Consideration, totally amounting to RMB12,500,000 (“**Paid Consideration**”), had been paid by Ningbo Hezhong to JF Ningbo as part payment of the Consideration.

Pursuant to the Transfer Agreement, before application is made for the land use rights certificate for the Land and building ownership certificates for the Workshops, Ningbo Hezhong shall have the right to nominate another legally registered and established limited liability company wholly-owned by Ningbo Hezhong or its controlling shareholders to take up the assignment of the land use rights of the Land and the building ownership of the Workshops in substitution of Ningbo Hezhong. In this regard, Ningbo Hezhong had recently nominated Ningbo Jialong to take up the assignment of the land use rights of the Land and the building ownership of the Workshops in substitution of Ningbo Hezhong (“**Nomination**”) in accordance with the terms of the Transfer Agreement.

As the parties took time to clarify the relevant land policies and taxes incurred in relation to the Disposal, the Disposal could not be completed until the due clarification of such policies and taxes incurred.

THE SUPPLEMENTAL AGREEMENT

In order to facilitate the Nomination, a supplemental agreement (“Supplemental Agreement”) was entered into between JF Ningbo, Ningbo Hezhong and Ningbo Jialong on 29 December 2012, pursuant to which Ningbo Hezhong nominated Ningbo Jialong to take up the assignment of the land use rights of the Land and the building ownership of the Workshops in substitution of Ningbo Hezhong in accordance with the terms of the Transfer Agreement. The Supplemental Agreement was entered into among the parties with the following terms and conditions:

Date : 29 December 2012

Parties : (i) JF Ningbo
(ii) Ningbo Hezhong
(iii) Ningbo Jialong

Major Term : JF Ningbo and Ningbo Hezhong agree to the Nomination. Ningbo Jialong agrees to accept the Nomination.

Each party agrees that all rights enjoyed by Ningbo Hezhong and all obligations and responsibilities assumed by Ningbo Hezhong under the Transfer Agreement shall be enjoyed and assumed by Ningbo Jialong in substitution of Ningbo Hezhong.

Ningbo Hezhong unconditionally and irrevocably undertakes, warrants and declares that Ningbo Hezhong surrenders all its rights and interests under the Transfer Agreement (including but not limited to the rights and interests in the Paid Consideration and the Property). Ningbo Hezhong will not claim against JF Ningbo for any direct or indirect rights or interests in relation to the Paid Consideration and the Property.

Payment of the remaining installments of the Consideration : The remaining installments of the Consideration in the amount of RMB12,500,000 had been fully paid by Ningbo Jialong to JF Ningbo upon the signing of the Supplemental Agreement.

The Disposal had been regarded as being taken place after Ningbo Jialong made full payment of the remaining installments of the Consideration to JF Ningbo.

Lease for transitional period : Ningbo Jialong agrees to the terms and conditions of the Lease and the Lease Period as set out in the sub-paragraph headed “Lease for transitional period” in the Previous Announcement.

Other terms : (i) JF Ningbo and Ningbo Jialong undertake to provide the relevant information to the Yuyao Land Administration Bureau within 14 working days from the date of signing of the Supplemental Agreement in accordance with the relevant PRC regulations, and pay the requisite tax to the relevant PRC government authorities and proceed with the discharge of the Mortgage (as defined in the Previous Announcement) as soon as possible;

(ii) JF Ningbo shall be responsible for all state tax and local tax in relation to the transfer of the land use rights of the Land and the building ownership of the Workshops, including business income tax, urban maintenance and construction tax, education surcharges, stamp duty, water fund, land value appreciation tax and income tax;

(iii) Ningbo Hezhong is responsible for any government tax (if any) arising from the Nomination, and shall indemnify any losses, fees and/or claims arising therefrom or sustained by JF Ningbo and/or the Group in relation thereto;

(iv) Save for the terms and conditions otherwise agreed under the Supplemental Agreement, each of JF Ningbo and Ningbo Jialong agrees that the other terms and conditions of the Transfer Agreement shall remain valid and enforceable. Ningbo Jialong unconditionally and irrevocably agrees to accept the Nomination and enjoys and assumes all rights, obligations and responsibilities of Ningbo Hezhong under the Transfer Agreement.

(v) Ningbo Hezhong irrevocably agrees to indemnify any losses, fees and/or claims arising from and/or sustained by JF Ningbo and/or the Group arising from the Nomination.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, both of Ningbo Hezhong and Ningbo Jialong and each of its controlling shareholders are Independent Third Parties.

As at the date of the Supplemental Agreement, Ningbo Jialong is a wholly foreign-owned enterprise established in the PRC, which registered capital is wholly and beneficially owned by Mr. Shao Xinyuan, who is also the ultimate beneficial owner of approximately 60.01% interest in the registered capital of Ningbo Hezhong and is therefore a controlling shareholder of Ningbo Hezhong. Therefore, Ningbo Jialong is a legally registered and established limited liability company wholly-owned by a controlling shareholder of Ningbo Hezhong.

BUSINESSES OF THE GROUP AND NINGBO JIALONG

The Group is principally engaged in the manufacture and sale of furnishings and home products and accessories primarily used in kitchens and bathrooms with stainless steel as raw materials. JF Ningbo is a wholly-owned subsidiary of the Company and the sales and manufacturing arm of stainless steel products of the Group.

Ningbo Jialong is a wholly foreign-owned enterprise established in the PRC. Its licensed scope of businesses include the wholesale of stainless steel wood-based panels; self-operation and agent for the import and export of various commodities and technologies (not involving commodities subject to state-owned trade management, applications in accordance with the relevant state regulations to be made in relation to commodities subject to quota and licence management).

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 the Main Board;
“Consideration”	the consideration of RMB25,000,000 (equivalent to approximately HK\$29,043,608 as at the date of the Transfer Agreement) for the Disposal;
“Director(s)”	the director(s) of the Company, including the independent non-executive Directors;

“Disposal”	the disposal of the Property by JF Ningbo to Ningbo Hezhong pursuant to the Transfer Agreement which assignment had been nominated by Ningbo Hezhong to be taken up by Ningbo Jialong pursuant to the Supplemental Agreement;
“Group”	the Company and its subsidiaries;
“Independent Third Party(ies)”	a person(s) or company(ies) who or which is/are independent of and not connected with the Directors, chief executive or substantial shareholder of the Company, or any of their respective subsidiaries or associates as defined under the Listing Rules;
“Land”	a parcel of land with a site area of approximately 17,549 square metres situated at Changyuan Road, Yuyao Economic Development Zone, Zone B, Yuyao City, Zhejiang Province, PRC (中國浙江省余姚市經濟開發區(B區)長元路), with State-owned Land Use Rights Certificate (Yu Guo Yung (2004) Di 07667 Hao) granted to JF Ningbo for a term up to 25 April 2043 for industrial use;
“JF Ningbo”	寧波捷豐家居用品有限公司(JF A.C.R. Equipment Supplies (Ningbo) Co., Ltd.), a wholly foreign owned enterprise established in the PRC on 30 December 1992 and a wholly owned subsidiary of the Company;
“Main Board”	the Main Board of the Stock Exchange;
“Ningbo Hezhong”	寧波合眾不銹鋼有限公司(transliteration, Ningbo Hezhong Stainless Steel Company Limited), a sino-foreign joint venture established in the PRC and an Independent Third Party;
“Ningbo Jialong”	寧波佳隆鉅創商貿有限公司(transliteration, Ningbo Jialong Juchang Trade Company Limited), a wholly foreign-owned enterprise established in the PRC and an Independent Third Party;
“PRC”	the People’s Republic of China;
“Property”	collectively, the land use rights of the Land and the building ownership of the Workshops;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Transfer Agreement”	a state- owned land use rights transfer agreement dated 30 September 2010 entered into between JF Ningbo and Ningbo Hezhong in relation to the Disposal;
“Workshops”	six buildings erected on the Land with total gross floor area of approximately 15,142.39 square metres, including three single-storey workshops, two two-storey workshops and one three storey-workshop (save and except for the three-storey workshop, building ownership certificates in respect of the other workshops had been issued to JF Ningbo);
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC and was translated into Hong Kong dollars at a fixed rate of RMB1.00 = HK\$1.16174 as at the date of the Transfer Agreement;
“%”	per cent.

By order of the Board of
JF Household Furnishings Limited
Cheng Ting Kong
Chairman

Hong Kong, 30 December 2012

As at the date of this announcement, the executive Directors are Mr Cheng Ting Kong, Ms Yeung So Lai, Mr Lui Man Wah, Mr Leung Ming Ho and Mr Leung Kwok Yin; and the independent non-executive Directors are Mr Fung Tze Wa, Mr Ting Wong Kacee and Mr Tse Ting Kwan.

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>.