JF Household Furnishings Limited
捷 豐 家 居 用 品 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 0776)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

The board (the "Board") of directors (the "Directors") of JF Household Furnishings Limited (the "Company") is pleased to announce the unaudited results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2015 together with the unaudited comparative figures for the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2015

		Unaudited	
		Six months ended 30 June	
		2015	2014
	Note	***HK$'000***	*HK$'000*
REVENUE		**70,789**	72,631
Cost of goods sold		**(64,704)**	(68,857)
Gross profit		**6,085**	3,774
Other income	*4*	**1,011**	468
Distribution costs		**(334)**	(398)
Administrative expenses		**(9,503)**	(8,755)
Other operating expenses		**–**	(230)
LOSS FROM OPERATIONS		**(2,741)**	(5,141)
Finance costs		**(1,352)**	(1,308)
LOSS BEFORE TAX		**(4,093)**	(6,449)
Income tax expense	*5*	**(136)**	–
LOSS FOR THE PERIOD		**(4,229)**	(6,449)
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(2,951)**	(2,427)
Total comprehensive loss for the period		**(7,180)**	(8,876)
LOSS PER SHARE			
Basic and diluted (HK cents)	*7*	**(1.47)**	(2.52)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2015

	Note	**Unaudited At 30 June 2015** *HK$'000*	Audited At 31 December 2014 *HK$'000*
Non-current assets			
Property, plant and equipment	*8*	**13,109**	14,777
Investment property		**6,500**	6,000
Deposits paid for acquisition of long-term assets		**12,965**	13,156
		32,574	33,933
Current assets			
Inventories		**28,140**	25,834
Trade receivables	*9*	**14,480**	24,240
Due from related companies		**5,210**	5,621
Deposits, other receivables and prepayments		**96,809**	30,358
Restricted cash and bank balances		**1,051**	1,063
Cash and bank balances		**54,710**	125,304
		200,400	212,420
Current liabilities			
Trade and other payables and accruals	*10*	**37,351**	39,498
Current tax liabilities		**130**	1,515
Bank borrowings		**34,295**	36,962
		71,776	77,975
NET CURRENT ASSETS		**128,624**	134,445
TOTAL ASSETS LESS CURRENT LIABILITIES		**161,198**	168,378
Non-current liabilities			
Deferred tax liabilities		**1,716**	1,716
NET ASSETS		**159,482**	166,662
CAPITAL AND RESERVES			
Share capital	*11*	**2,872**	2,872
Reserves		**156,610**	163,790
TOTAL EQUITY		**159,482**	166,662

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Six months ended 30 June	
	2015	2014
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Total equity of the Group at 1 January	**166,662**	25,191
Change in equity during the period:		
– Exchange differences arising on translating on foreign operations	**(2,951)**	(2,427)
– Loss for the period	**(4,229)**	(6,449)
Total comprehensive loss for the period	**(7,180)**	(8,876)
Placement of shares *(note 11)*	**–**	479
Share premium arising from placing of shares	**–**	149,060
Total equity of the Group at 30 June	**159,482**	165,854

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Six months ended 30 June	
	2015	2014
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Net cash used in operating activities	**(65,320)**	(14,566)
Net cash generated from/(used in) investing activities	**13**	(101,653)
Net cash (used in)/generated from financing activities	**(4,019)**	151,017
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(69,326)**	34,798
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**125,304**	23,390
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(1,268)**	(540)
CASH AND CASH EQUIVALENTS AT 30 JUNE	**54,710**	57,648
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**54,710**	57,648

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is Room 2410 -2411, 24/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The condensed consolidated financial information are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

The condensed consolidated financial information have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial information have been prepared on the historical cost basis, except for certain properties and financial instruments, which are measured at fair value, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial information for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

Application of a new Interpretation and amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2015. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The following standards have been adopted by the Group for the first time for the financial period beginning on 1 January 2015:

Amendments to HKAS19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's condensed consolidated financial information and amounts reported for the current period and prior years.

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial period beginning on 1 January 2015. The directors anticipate that the new and revised HKFRSs will be adopted in the Group's condensed consolidated financial information when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

3. SEGMENT INFORMATION

Information reported to the chief executive officer of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. For management purposes, the Group has two reportable segments, stainless steel furnishings and property investment.

Information about reportable segment revenue, profit or loss and assets:

	Stainless steel furnishings	**Property investment**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Six months ended 30 June 2015 (unaudited)			
Revenue from external customers	70,685	104	70,789
Intersegment revenue	–	–	–
Segment profit	10	589	599
Interest revenue	71	–	71
Interest expense	(1,019)	–	(1,019)
Depreciation	(1,610)	–	(1,610)
Income tax expense	(136)	–	(136)
Additions to segment non-current assets	133	–	133
Other material non-cash item:			
– Fair value gain on investment property	–	500	500
As at 30 June 2015			
Segment assets	70,857	6,522	77,379

	Stainless steel furnishings	Property investment	Total
	HK$'000	*HK$'000*	*HK$'000*
Six months ended 30 June 2014 (unaudited)			
Revenue from external customers	72,533	98	72,631
Intersegment revenue	–	–	–
Segment profit	(1,633)	(144)	(1,777)
Interest revenue	55	–	55
Interest expense	(1,144)	–	(1,144)
Depreciation	(1,858)	–	(1,858)
Additions to segment non-current assets	1,886	–	1,886
Other material non-cash item:			
– Fair value loss on investment property	–	(230)	(230)
As at 31 December 2014			
Segment assets	78,613	6,018	84,631

Reconciliations of segment assets:

	30 June 2015 (unaudited)	31 December 2014 (audited)
	HK$'000	*HK$'000*
Assets		
Total assets of reportable segments	**77,379**	84,631
Unallocated corporate assets	**155,595**	161,722
Consolidated total assets	**232,974**	246,353

Reconciliation of reportable segment revenue and results:

	Six months ended 30 June	
	2015	2014
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Revenue		
Total revenue of reportable segments	**70,789**	72,631
Elimination of intersegment revenue	**–**	–
Consolidated revenue	**70,789**	72,631
Profit or loss		
Total profit/(loss) of reportable segments	**599**	(1,777)
Unallocated finance costs	**(333)**	(164)
Unallocated corporate income	**440**	3
Unallocated corporate expenses	**(4,935)**	(4,511)
Consolidated loss for the period	**(4,229)**	(6,449)

4. OTHER INCOME

	Six months ended 30 June	
	2015	2014
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Fair value gain on investment property	**500**	–
Interest income	**136**	58
Investment income	**374**	–
Net exchange gain	**–**	409
Others	**1**	1
	1,011	468

5. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the period.

PRC Enterprise Income Tax has been provided at a rate of 25% (2014: 25%).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

6. DIVIDEND

No dividends were paid, declared or proposed during the period. The Directors have determined that no dividend will be paid in respect of the interim period (2014: Nil).

7. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following:

	Six months ended 30 June	
	2015	2014
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company, used in the basic and diluted loss per share calculation	**(4,229)**	(6,449)
Number of shares		
Weighted average number of ordinary shares used in basic and diluted loss per share calculation	**287,206,000**	255,732,000

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group had additions to property, plant and equipment in the amount of approximately HK$135,000 (2014: approximately HK$1,892,000).

9. TRADE RECEIVABLES

The Group normally granted customers with credit terms of 30 to 90 days. The aging analysis of the Group's trade receivables, based on the invoice date, and net of allowance, is as of follows:

	30 June 2015 (unaudited) *HK$'000*	31 December 2014 (audited) *HK$'000*
0 – 30 days	**10,800**	17,946
31 – 60 days	**3,680**	6,294
Total	**14,480**	24,240

10. TRADE AND OTHER PAYABLES AND ACCRUALS

	30 June 2015 (unaudited) *HK$'000*	31 December 2014 (audited) *HK$'000*
Trade payables	**23,810**	12,542
Other payables and accruals	**13,541**	26,956
	37,351	39,498

The Group normally obtains credit terms ranging from 30 to 90 days from its suppliers. The aging analysis of the Group's trade payables, based on invoice date, is as follows:

	30 June 2015 (unaudited) *HK$'000*	31 December 2014 (audited) *HK$'000*
0 – 30 days	**15,499**	9,816
31 – 60 days	**8,244**	2,470
61 – 90 days	**–**	251
Over 90 days	**67**	5
Total	**23,810**	12,542

11. SHARE CAPITAL

	Note	Number of shares '000	Par value HK$'000
Authorised:			
Ordinary shares of HK$0.01 each			
At 1 January 2014 (audited), 31 December 2014 (audited) and 30 June 2015 (unaudited)		5,000,000	50,000
Issued and fully paid ordinary shares of HK$0.01 each:			
At 1 January 2014 (audited)		239,339	2,393
Placement of shares	*(i)*	47,867	479
At 31 December 2014 (audited) and 30 June 2015 (unaudited)		287,206	2,872

Note:

(i) On 27 January 2014, the Company raised its fund by way of private placement of 47,867,000 shares of the Company at the placing price of HK$3.14 per share, which raised gross proceeds of approximately HK$150,302,000.

12. OPERATING LEASE COMMITMENTS

The Group as lessee

The Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of leasehold land and buildings which full due as follow:

	30 June 2015 (unaudited) *HK$'000*	31 December 2014 (audited) *HK$'000*
Within one year	**3,278**	2,156
In the second to fifth years, inclusive	**1,061**	520
	4,339	2,676

The Group as lessor

The Group's total future minimum lease payments under non-cancellable operating leases are receivables as follows:

	30 June 2015 (unaudited) *HK$'000*	31 December 2014 (audited) *HK$'000*
Within one year	**164**	–

13. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosure of level in fair value hierarchy at 30 June 2015 and 31 December 2014:

Description	**Fair value measurements using: Level 3** *HK$'000*
Recurring fair value measurements:	
Investment property	
Residential unit – Hong Kong	
At 30 June 2015 (unaudited)	6,500
At 31 December 2014 (audited)	6,000

(b) Reconciliation of assets measured at fair value based on level 3:

Description	**2015 Investment property (unaudited)** ***HK$'000***	2014 Investment property (audited) *HK$'000*
At 1 January	6,000	5,630
Total gain recognised in profit or loss (#)	500	370
At 30 June/31 December	6,500	6,000
(#) Include gain for assets held at end of reporting period	500	370

The total gains recognised in profit or loss including those for assets held at end of reporting period are presented in other income in the condensed consolidated statement of profit or loss and other comprehensive income.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2015 and 31 December 2014:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Key unobservable inputs used in level 3 fair value measurements are mainly:

– Inflation (estimated based on private domestic price indices by class published by Rating and Valuation Department of the Government of the Hong Kong Special Administrative Region)

– Floor level difference (estimated based on actual data)

– Size difference (estimated based on actual data)

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 30 June 2015 (unaudited) *HK$'000*	Fair value 31 December 2014 (audited) *HK$'000*
Investment property	Market comparable approach	Inflation	0.32% (2014: 6.54%)	Increase		
		Floor level difference	-8% – 0.50% (2014: -6.5% to 5%)	Increase		
		Size difference	0.08% – 7.82% (2014: 0.08% to 4.09%)	Increase	**6,500**	6,000

There were no changes in the valuation techniques used as at 30 June 2015 and 31 December 2014.

14. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the condensed financial information, the Group had the following transactions and balances with related parties during the period:

(a) Key management personnel compensation

The key management personnel of the Group comprises all Directors. Details of their emoluments were disclosed as follows:

	Six months ended 30 June	
	2015	2014
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Directors' remuneration	**553**	432

(b) Transactions with related parties

	Six months ended 30 June	
	2015	2014
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Rental income		
– 寧波捷豐現代家俱有限公司 (Ningbo JF Furniture Co., Limited)	**369**	437
Leasing charges paid to		
– 餘姚捷豐空調設備有限公司 (Yuyao Jiefeng Air Conditioning Equipment Co., Limited)	**84**	189
Processing charges paid to		
– 寧波捷豐現代家俱有限公司 (Ningbo JF Furniture Co., Limited)	**124**	263
Purchase from		
– 寧波捷豐現代家俱有限公司 (Ningbo JF Furniture Co., Limited)	**526**	–
License fees paid to		
– A.C.R. Equipment Supplies Limited	**60**	60
Rental expenses paid to		
– Senior management	**41**	41

An executive Director, Mr. Leung Kwok Yin has beneficial interests in above companies.

(c) **Balance with related parties**

	30 June 2015 (unaudited) *HK$'000*	31 December 2014 (audited) *HK$'000*
寧波捷豐現代家俱有限公司 (Ningbo JF Furniture Co., Limited)	**333**	884
JF Household Furnishings (BVI) Limited	**4,737**	4,737
餘姚捷豐空調設備有限公司 (Yuyao Jiefeng Air Conditioning Equipment Co., Limited)	**140**	–
	5,210	5,621

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

The Group's revenue for the six months ended 30 June 2015 amounted to approximately HK$70.8 million, representing a decrease of approximately 2.5% over the corresponding period of 2014. The decrease in revenue is due to the intense competition in household product market and slow grow of economy in China.

Gross profit margin of the Group increased from approximately 5.2% in 2014 to approximately 8.6% for the six months ended 30 June 2015 as some new products with higher profit margin has been introduced to market during the period.

Other income increased from approximately HK$0.5 million in 2014 to approximately HK$1.0 million for the six months ended 30 June 2015, mainly due to the investment income and fair value gain on investment property.

Distribution costs decreased from approximately HK$0.4 million in 2014 to approximately HK$0.3 million for the six months ended 30 June 2015, mainly due to decrease in declaration charge and overseas travelling expense.

Administrative expenses increased from approximately HK$8.8 million in 2014 to approximately HK$9.5 million for the six months ended 30 June 2015, mainly due to increase in expenses on staff cost and rental expense.

Business Review

Household Products Business

During 2015, market condition remains challenging as the Europe's economy continuous weak and the slow growth in China economy. And the rising cost of labour and intense competition also deteriorates to household market in China. The revenue from household products business for the period was approximately HK$70,685,000 (2014: approximately: HK$72,533,000), representing and annual decrease of 2.5%. The segment profit was approximately HK$10,000 (2014: segment loss was approximately HK$1,633,000.)

In 2015, Ningbo Municipal People's Government carry out urban renewal plan for reorganising the use of land in Yuyao City. JF A.C.R. Equipment Supplies (Ningbo) Co., Ltd., a wholly-owned subsidiary of the Company which needs to reallocate the manufacturing workshops and buildings to other place. The Group will try to find a suitable place to reallocate those manufacturing workshops and buildings in second half of 2015.

The Group will take measure to strengthen operational efficiency, reduce the production costs and improve the product mix in order to acquire market share and create maximum returns to shareholders.

Property Investment Business

The Group has acquired an investment property which lease for rental in 2013. The Group's revenue from property investment business for the period was approximately HK$104,000 (2014: approximately HK$98,000). The segment profit was approximately HK$589,000 (2014: segment loss was approximately HK$144,000), mainly due to fair value gain on investment property which is non-cash item.

Hotel Business

According to the World Tourism Organisation ("UNWTO"), a specialized agency of United Nations reported that International tourist arrivals up 4% in the first four months of 2015. International tourist's arrivals worldwide records 332 million between January and April 2015 which is 14 million increased compare in 2014. As the continuous growth of international tourist will correspondingly increase the demand of hotel service, the Group remains confident of long term prospects in hotel business.

In 2013, the Group acquired a commercial properties situated in Liaoning Province, the PRC. The titles of ownership and building ownership certificates of the commercial properties are pending to approve by the relevant authorities in the PRC. The commercial properties will be reconstructed into a quality hotel and plan to officially open in late of 2015.

The Group shall further review its business strategy include acquisition of properties to establish a highly reputable hotel in the PRC and other countries and expand our management team in respect of hotel management.

Outlook and future prospects

The global economy is prevailing uncertainty in 2015 and continues affecting the household business. The Group will continue to adopt effective cost-control measures to improve gross profit margin.

Looking forward, the Group aims to develop and invest in quality hotels in the PRC and other places. Also the Group will from time to time seek the business opportunities that can broaden the income base of the Group.

Liquidity, Financial Resources, Funding and Treasury Policy

As at 30 June 2015, the Group had cash and bank balances of approximately HK$54.7 million (as at 31 December 2014: approximately HK$125.3 million) and short-term bank borrowings of approximately HK$34.3 million (as at 31 December 2014: approximately HK$37.0 million) respectively.

As at 30 June 2015, the Group had current assets of approximately HK$200.4 million (31 December 2014: HK$212.4 million) and current liabilities of approximately HK$71.8 million (31 December 2014: HK$78.0 million).

Most of the trading transactions, assets and liabilities of the Group were denominated in Renminbi ("RMB"), United States dollars ("USD") and Hong Kong dollars.

Gearing ratio

As at 30 June 2015, the Group's gearing ratio, which was derived from the total borrowings to total assets, decreased to 14.7% from that of 15.0% as at 31 December 2014.

Capital Structure

The share capital of the Company comprises of ordinary shares only.

Material Acquisition and Disposal

Save as disclosed in this announcement, the Group did not have any material acquisition and disposal for the six months ended 30 June 2015.

Foreign Exchange Exposure

All transactions of the Group are denominated in RMB, Hong Kong dollars or USD.

Contingent Liabilities

As at 30 June 2015, the Group had no material contingent liabilities.

Employees and Remuneration Policy

As at 30 June 2015, the Group employed approximately 400 staff in the PRC and Hong Kong. The Group's remuneration to employees, including Directors' emoluments, amounted to approximately HK$12,983,000 for the period. The Group reviews employee remuneration annually and rewards its employee with reference to the length of services and performance. The Group also grants share options and bonuses to employees of the Group at the discretion of the Directors and based on the financial performance of the Group.

USE OF PROCEEDS FROM THE PLACING OF SHARES

On 27 January 2014, the Company has entered into a placing agreement with SBI E2-Capital Financial Services Limited ("SBI") as placing agent where SBI agreed to place on a best effort basis up to 47,867,000 new shares of the Company ("Placing Share") at HK$3.14 per Placing Share to not fewer than six placees who and whose ultimate beneficial owners are independent third parties. The placing price of HK$3.14 represents a discount of approximately 19.9% to the closing price of HK$3.92 per share as quoted on the Stock Exchange on the date of the placing agreement and a discount of approximately 19.9% to the average of the closing prices per share of approximately HK$3.92 as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the placing agreement. The intended and actual use of proceeds from the share placement was for general working capital and as funds for future development of the existing business. The placing transaction was completed on 26 February 2014 and a total of 47,867,000 shares were placed. The gross and net proceeds were approximately HK$150,302,000 and HK$149,506,000 (after deducting the placing commission and legal and professional expenses). The net placing price was approximately HK$3.12. Such net proceeds have been used in the following manner:

	Amount raised	**Amount used as at the date of this announcement**
	HK$'000	*HK$'000*
General corporate and working capital purpose	149,506	110,110

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

As at 30 June 2015, none of the Directors and the chief executives of the Company nor 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 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.

As at 30 June 2015, none of the Directors have options to subscribe for shares in the Company.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2015, the following substantial shareholders 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. Other than the interests disclosed below, 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:

Name of Substantial Shareholders	Number of shares interested in	Capacity	Approximate Percentage of the total issue Capital of the Company *(Note 3)*
Power Ocean Holdings Limited *(Note 1&2)*	179,407,488	Beneficial owner	62.46%
Chau Cheok Wa *(Note 1)*	179,407,488	Interest through a controlled corporation	62.46%
Cheng Ting Kong *(Note 2)*	179,407,488	Interest through a controlled corporation	62.46%

Notes

1. According to the record in the register kept under section 336 of the SFO, Power Ocean Holdings Limited, which 50% of issued share capital is owned by Mr. Chau Cheok Wa and he is therefore deemed to be interested in 179,407,488 shares of the Company.

2. According to the record in the register kept under section 336 of the SFO, Power Ocean Holdings Limited, which 50% of issued share capital is owned by Mr. Cheng Ting Kong and he is therefore deemed to be interested in 179,407,488 shares of the Company.

3. The percentage has been adjusted based on the total number of shares of the Company in issue as at 30 June 2015 (i.e. 287,206,000 shares).

SHARE OPTION AND SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to the shareholder's resolution passed on 26 November 2008. No options granted under the Scheme since its adoption on 26 November 2008 are still outstanding. During the six months ended 30 June 2015, no share option were granted, exercised and lapsed.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company or any of its subsidiaries or its holding company, was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the period under review or any time during the period under review save and except for the transactions disclosed as connected and/or related party transactions in accordance with the requirements of the Listing Rules and accounting principles generally accepted in Hong Kong.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares for the six months ended 30 June 2015.

CORPORATE GOVERNANCE

In the opinion of the Directors, save as disclosed below, the Company has complied with the code provisions as set out in the Corporate Governance Code ("CG Code") set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2015.

Under the CG Code provision E.1.2, the chairman of the Board should attend the annual general meeting ("AGM") and invite the chairman of audit, remuneration and nomination committee to attend. However, in the AGM held on 29 May 2015 ("2015 AGM"), our chairman was unable to attend the meeting as he had to attend to other business commitments. He appointed an executive Director to chair the 2015 AGM on his behalf and answer any question from the shareholders concerning the Company's corporate governance. As provided for in the CG Code provision A.6.7, independent non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. The independent non-executive Director, Mr. Fung Tze Wa and Mr. Ting Wong Kacee were unable to attend the 2015 AGM due to other business commitments.

The Company reviews its corporate governance practices from time to time to ensure compliance with the CG Code.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in accordance with the Listing Rules. The primary duties of the Audit Committee are to review the Company's interim and annual reports and accounts 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 three independent non-executive Directors, namely Mr. Fung Tze Wa (Chairman), Mr. Ting Wong Kacee and Mr. Tse Ting Kwan.

The Audit Committee has reviewed the unaudited condensed financial information for the six months ended 30 June 2015.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers, as amended from time to time (the "Model Code"), set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions of the directors of the Company. On specific enquiries made, all directors have confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2015.

Employees who are likely to be in possession of unpublished price sensitive information of the Company are also subject to compliance with guidelines on no less exacting terms than the Model Code.

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

Hong Kong, 21 August 2015

As at the date of this announcement, the executive Directors are Mr. Cheng Ting Kong, Ms. Yeung So Lai, 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.