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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: 0776)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015, together with the comparative audited figures for the year ended 31 December 2014 which have been reviewed and approved by the audit committee of the Company ("Audit Committee") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	Note	2015 HK$	2014 HK$
REVENUE	4	**166,290,966**	170,373,314
Cost of goods sold		**(151,041,333)**	(153,926,526)
Gross profit		**15,249,633**	16,446,788
Other income	5	**7,076,782**	1,821,159
Distribution costs		**(594,413)**	(928,241)
Administrative expenses		**(26,100,589)**	(18,861,037)
Other operating expenses		**(1,492,867)**	(1,109,678)
LOSS FROM OPERATIONS		**(5,861,454)**	(2,631,009)
Finance costs	6	**(2,468,395)**	(3,249,116)
LOSS BEFORE TAX		**(8,329,849)**	(5,880,125)
Income tax expense	7	**(2,047,401)**	(2,201,342)
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	8	**(10,377,250)**	(8,081,467)
LOSS PER SHARE	10		
Basic		**(0.04)**	(0.03)
Diluted		**(0.04)**	(0.03)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015	2014
	HK$	*HK$*
Loss for the year	**(10,377,250)**	(8,081,467)
Other comprehensive (loss)/income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(4,974,006)**	13,782
Exchange differences reclassified to profit or loss on disposal of subsidiaries	**296,766**	–
Other comprehensive (loss)/income for the year, net of tax	**(4,677,240)**	13,782
Total comprehensive loss for the year attributable to owners of the Company	**(15,054,490)**	(8,067,685)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	Note	2015 HK$	2014 HK$
Non-current assets			
Property, plant and equipment		**12,561,576**	14,776,517
Investment properties		**16,984,900**	6,000,000
Deposits paid for acquisition of long-term assets		**–**	13,156,420
		29,546,476	33,932,937
Current assets			
Inventories		**25,771,708**	25,833,961
Trade receivables	*11*	**29,465,624**	24,239,870
Due from related companies		**4,814,794**	5,620,877
Deposits, other receivables and prepayments		**91,143,807**	30,358,239
Restricted cash and bank balances		**–**	1,063,359
Cash and bank balances		**42,537,263**	125,303,856
		193,733,196	212,420,162
Current liabilities			
Trade payables	*12*	**15,636,269**	12,541,528
Due to a related company		**251,342**	–
Other payables and accruals		**21,179,820**	26,956,347
Current tax liabilities		**1,604,400**	1,515,375
Bank borrowings		**31,284,260**	36,961,778
		69,956,091	77,975,028
NET CURRENT ASSETS		**123,777,105**	134,445,134
TOTAL ASSETS LESS CURRENT LIABILITIES		**153,323,581**	168,378,071
Non-current liabilities			
Deferred tax liabilities		**1,715,969**	1,715,969
NET ASSETS		**151,607,612**	166,662,102
CAPITAL AND RESERVES			
Share capital		**2,872,060**	2,872,060
Reserves		**148,735,552**	163,790,042
TOTAL EQUITY		**151,607,612**	166,662,102

NOTES:

1. GENERAL INFORMATION

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 Rooms 2410-2411, 24/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong. The Company's shares are listed on the Main Board of the Stock Exchange.

The Company is an investment holding company. The principal activities of its subsidiaries are the manufacture and sales of stainless steel furnishings and home products and property investment.

In the opinion of the directors of the Company, Power Ocean Holdings Limited, a company incorporated in the British Virgin Islands, is the immediate parent and Mr. Chau Cheok Wa and Mr. Cheng Ting Kong are the ultimate controlling parties of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the ''Listing Rules'') and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

3. ADOPTION OF NEW AND REVISED HKFRSs AND REQUIREMENTS

(a) Application of new and revised HKFRSs

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2015. 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 financial statements and amounts reported for the current and prior years.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2015. The directors anticipate that the new and revised HKFRSs will be adopted in the Group's consolidated financial statements 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.

List of new and revised HKFRSs in issue but not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKAS 1	Disclosure Initiative[2]

[1] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

[2] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

(c) Disclosure requirements under the new Hong Kong Companies Ordinance (Cap. 622)

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) came into operation during the financial year. Although the Company is not incorporated in Hong Kong, the Listing Rules require the Company to comply with the disclosure requirements of the new Hong Kong Companies Ordinance (Cap. 622). As a result, there are changes to presentation and disclosure requirements of certain information in the consolidated financial statements.

(d) Amendments to the Listing Rules

The Stock Exchange in April 2015 released revised Appendix 16 of the Listing Rules in relation to disclosure of financial information in annual reports that are applicable for accounting periods ending on or after 31 December 2015, with earlier application permitted. The Company has adopted the amendments resulting in changes to the presentation and disclosures of certain information in the consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

The Group has two major operating segments as follows:

Stainless steel furnishings – manufacture and sale of stainless steel furnishings and home products

Property investment – rental income from investment properties

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The Group's other operating segments include trading of raw materials. None of these segments meet any of the quantitative thresholds for determining reportable segments. The information of these other operating segments is included in the "others" column.

Segment profits or losses do not include gain on disposal of subsidiaries, unallocated finance cost and unallocated corporate income and expenses. Segment assets do not include unallocated deposits, other receivables and prepayments, unallocated cash and bank balances and unallocated other corporate assets.

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

	Stainless steel furnishings	**Property investment**	**Others**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
Year ended 31 December 2015				
Revenue from external customers	**162,631,105**	**215,400**	**3,444,461**	**166,290,966**
Intersegment revenue	**–**	**–**	**–**	**–**
Segment profit/(loss)	**1,296,643**	**(1,131,518)**	**112,811**	**277,936**
Interest revenue	**138,762**	**–**	**–**	**138,762**
Interest expense	**(2,102,112)**	**–**	**–**	**(2,102,112)**
Depreciation	**(3,059,633)**	**–**	**–**	**(3,059,633)**
Income tax expense	**(1,028,581)**	**(7,479)**	**–**	**(1,036,060)**
Additions to segment non-current assets	**1,681,768**	**12,767,208**	**–**	**14,448,976**
Other material non-cash item:				
– Net fair value losses on investment properties	**–**	**(1,296,308)**	**–**	**(1,296,308)**
As at 31 December 2015				
Segment assets	**73,688,617**	**17,038,138**	**–**	**90,726,755**

	Stainless steel furnishings *HK$*	Property investment *HK$*	Others *HK$*	Total *HK$*
Year ended 31 December 2014				
Revenue from external customers	167,907,672	195,600	2,270,042	170,373,314
Intersegment revenue	–	–	–	–
Segment profit	1,921,980	527,558	68,941	2,518,479
Interest revenue	163,737	–	–	163,737
Interest expense	(2,157,344)	–	–	(2,157,344)
Depreciation	(3,242,906)	–	–	(3,242,906)
Income tax expense	(2,186,844)	(14,498)	–	(2,201,342)
Additions to segment non-current assets	4,769,836	–	–	4,769,836
Other material non-cash item:				
– Fair value gains on investment properties	–	370,000	–	370,000
As at 31 December 2014				
Segment assets	78,613,481	6,017,688	–	84,631,169

Reconciliations of segment revenue and profit or loss:

	2015 ***HK$***	2014 *HK$*
Revenue		
Total revenue of reportable segments	**166,290,966**	170,373,314
Elimination of intersegment revenue	**–**	–
Consolidated revenue	**166,290,966**	170,373,314
Profit or loss		
Total profit of reportable segments	**277,936**	2,518,479
Gain on disposal of subsidiaries	**1,827,820**	–
Unallocated finance costs	**(366,283)**	(1,091,772)
Unallocated corporate income	**4,125,820**	45,488
Unallocated corporate expenses	**(16,242,543)**	(9,553,662)
Consolidated loss for the year	**(10,377,250)**	(8,081,467)

Reconciliations of segment assets:

	2015 ***HK$***	2014 *HK$*
Assets		
Total assets of reportable segments	**90,726,755**	84,631,169
Unallocated deposits, other receivables and prepayments	**87,082,012**	26,475,949
Unallocated cash and bank balances	**40,432,740**	115,070,930
Unallocated other corporate assets	**5,038,165**	20,175,051
Consolidated total assets	**223,279,672**	246,353,099

Geographical information:

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue		Non-current assets	
	2015	2014	**2015**	2014
	HK$	*HK$*	***HK$***	*HK$*
Hong Kong	**142,605,935**	148,162,317	**6,700,812**	6,003,875
PRC excluding Hong Kong	**23,685,031**	22,210,997	**22,845,664**	27,929,062
Consolidated total	**166,290,966**	170,373,314	**29,546,476**	33,932,937

Revenue from major customer:

	2015	2014
	HK$	*HK$*
Stainless steel furnishings segment		
Customer A	**161,433,031**	165,280,582

5. OTHER INCOME

	2015	2014
	HK$	*HK$*
Government grants *(Note)*	**200,998**	6,312
Interest income on bank deposits	**214,192**	191,209
Fair value gains on investment properties	**–**	370,000
Gain on disposal of property, plant and equipment	**–**	4,479
Gain on disposal of subsidiaries *(Note 13)*	**1,827,820**	–
Write back of trade and other payables	**–**	472,607
Rental income from lease of machinery	**728,630**	747,822
Investment income	**4,056,297**	–
Others	**48,845**	28,730
	7,076,782	1,821,159

Note: Government grants mainly related to the subsidy received from the local government authority for the achievements of the Group.

6. FINANCE COSTS

	2015	2014
	HK$	*HK$*
Interest on bank borrowings and overdrafts	**2,190,104**	2,478,514
Interest on other borrowings	**278,291**	770,602
	2,468,395	3,249,116

7. INCOME TAX EXPENSE

(a) Income tax has been recognised in profit or loss as follows:

	2015	2014
	HK$	*HK$*
Current tax – PRC Enterprise Income Tax		
Provision for the year	**2,039,922**	1,494,839
Under-provision in prior years	**–**	692,005
	2,039,922	2,186,844
Current tax – Hong Kong Profits Tax		
Provision for the year	**18,353**	14,498
Over-provision in prior years	**(10,874)**	–
	7,479	14,498
	2,047,401	2,201,342

Hong Kong Profits Tax has been provided at 16.5% (2014: 16.5%) on the estimated assessable profits for the year ended 31 December 2015.

PRC Enterprise Income Tax (''EIT'') has been provided at a rate of 25% (2014: 25%), except for 寧波捷豐金屬製品有限公司 (Ningbo JF Metal Products Co., Ltd.), a subsidiary of the Company which was recognised as a small and thin profit enterprise during the year under relevant enterprise income tax rules and regulations and is subject to preferential EIT rate at 20%.

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.

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

	2015	2014
	HK$	*HK$*
Loss before tax	**(8,329,849)**	(5,880,125)
Tax at the PRC EIT rate of 25%	**(2,082,462)**	(1,470,031)
Tax effect of income that is not taxable	**(1,049,927)**	(105,930)
Tax effect of expenses that are not deductible	**4,669,779**	2,189,399
Tax effect of income tax on concession	**–**	(9,042)
Effect of different tax rates of subsidiaries	**530,957**	918,833
(Over)/under-provision in prior years	**(10,874)**	692,005
Tax effect of utilisation of tax losses not previously recognised	**–**	(3,820)
Tax effect of temporary differences not recognised	**(10,072)**	(10,072)
Income tax expense	**2,047,401**	2,201,342

8. LOSS FOR THE YEAR

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

	2015	2014
	HK$	*HK$*
Auditor's remuneration	**680,000**	630,000
Cost of inventories sold *(Note 1)*	**151,041,333**	153,926,526
Depreciation	**3,083,858**	3,245,856
Net fair value losses on investment properties	**1,296,308**	–
Write off of property, plant and equipment	**167,126**	115,623
Write off of trade and other receivables	**–**	744,506
Direct operating expenses of investment property that generate rental income	**26,746**	21,144
Staff costs (including directors' emoluments)		
Fees	**360,000**	360,000
Basic salaries, bonuses, allowances and benefits in kind	**28,125,185**	26,097,476
Retirement benefits scheme contributions *(Note 2)*	**2,989,326**	2,156,486
Operating lease charges – buildings	**4,872,763**	4,073,805
Net exchange losses	**4,421,822**	221,736

Notes:

1. Cost of inventories sold includes staff costs and depreciation of approximately HK$23,437,000 (2014: HK$21,598,000) which are included in the amounts disclosed separately above.

2. The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of contribution of HK$1,500 (before 1 June 2014: HK$1,250) per employee and vest fully with employees when contributed into the MPF Scheme.

   The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.

9. DIVIDEND

No dividend has been paid or declared by the Company during the year (2014: Nil).

10. LOSS PER SHARE

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

	2015	2014
	HK$	*HK$*
Loss		
Loss for the purpose of calculating basic and diluted loss per share	**(10,377,250)**	(8,081,467)

	2015	2014
Number of shares		
Issued ordinary shares at 1 January	**287,206,000**	239,339,000
Shares issued on placement	**–**	44,457,296
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**287,206,000**	283,796,296

11. TRADE RECEIVABLES

The Group normally grants 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 follows:

	2015	2014
	HK$	*HK$*
0 – 30 days	**16,538,767**	17,945,986
31 – 60 days	**12,926,857**	6,293,884
	29,465,624	24,239,870

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2015	2014
	HK$	*HK$*
Renminbi ("RMB")	**29,447,124**	21,964,147
Hong Kong dollars ("HKD")	**18,500**	–
United States dollars ("USD")	**–**	2,275,723
	29,465,624	24,239,870

12. TRADE PAYABLES

	2015	2014
	HK$	*HK$*
Trade payables	**15,636,269**	12,541,528

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

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

	2015	2014
	HK$	*HK$*
0 – 30 days	**10,984,765**	9,815,829
31 – 60 days	**4,644,251**	2,469,978
61 – 90 days	**–**	250,439
Over 90 days	**7,253**	5,282
	15,636,269	12,541,528

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2015	2014
	HK$	*HK$*
RMB	**15,636,269**	12,541,528

13 DISPOSAL OF SUBSIDIARIES

On 13 November 2015, the Group disposal of its two subsidiaries, JF Household Furnishings (Macau) Holdings Limited and its subsidiary, JF Household Furnishings Macao Commercial Offshore Limited.

Net liabilities at the date of disposal were as follows:

	HK$
Property, plant and equipment	1,267
Trade receivables	1,107,454
Deposits, other receivables and prepayment	1,424,515
Cash and bank balances	1,906,363
Other payables and accruals	(6,122,341)
Bank borrowings	(441,843)
Net liabilities disposed of	(2,124,585)
Release of foreign currency translation reserve	296,766
Gain on disposal of subsidiaries *(note 5)*	1,827,820
Total consideration	1
Net cash outflow arising on disposal:	
Cash and cash equivalents disposed of	1,906,363

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

HOUSEHOLD PRODUCTS BUSINESS

The unfavourable factors include intense competition of household products market and slow down of economy growth has deeply affecting to the performance of the Group's household products business.

During the year of 2015, the revenue for household products business for the period was approximately HK$162,631,000 (2014: approximately HK$167,908,000), representing a slightly decrease of 3.1%. The segment profit for household products business was approximately HK$1,297,000 (2014: approximately HK$1,922,000).

The Group will proactively take various measures to improve its operating conditions such as improve product mix and reduce various costs.

In 2016, the manufacturing workshops and buildings will be reallocated due to the renewal plan for reorganising the use of land in Yuayao City, the PRC. It will significantly increase in capital expenditure for leasehold improvement, transportation cost and also replacement cost for hiring new labour.

PROPERTY INVESTMENT BUSINESS

The Group's revenue from leasing out of investment property for the year was approximately HK$215,000 (2014: approximately HK$196,000). The segment loss was approximately HK$1,132,000 (2014: segment profit: approximately HK$528,000), mainly due to fair value loss on investment property which is a non-cash item.

HOTEL BUSINESS

The Group has long term prospects in hotel business. In 2013, the Group has acquired commercial properties situated in Liaoning Province, the PRC. The titles of ownership and building ownership certificates of the commercial properties have been obtained during the year. The commercial properties are being renovated and plan to open in 2016.

According to the World Tourism Organisation ("UNWTO"), a specialised agency of United Nations reported that international tourist arrivals up 4.4% in 2015 to reach a total of 1,184 million. Also, UNWTO projects international tourist arrivals to grow by 4% worldwide in 2016. As the continuous growth of international tourist will increase the demand of hotel service, the Group is further reviewing the strategy on acquisition of properties to establish a highly reputable hotel in the PRC and other countries.

OUTLOOK AND FUTURE PROSPECTS

The Group anticipates that the coming year remain a challengeable for household products business. However, the Group will emphasis on enhance the operation efficiency as well as decrease in production cost. Also the Group will restructure its products mix to match with the market trend in order to increase the revenue.

Looking forward, the Group will from time to time seek the opportunities that can broaden the income base of the Group. During the year, the Group entered into the non-legally binding memorandum of understanding with vendors in relation to the possible acquisition of a target company. The target company is principally engaged in communication engineering, fiber optic and base station investment, internet construction and development, clean energy and equipment, intelligent home investment, development, utilisation and promotion. The Group expects the above possible acquisition and other acquisition in future can create maximum returns to shareholders.

RESULTS OF OPERATIONS

For the fiscal year ended 31 December 2015, the Group reported a revenue of approximately HK$166,291,000 (2014: approximately HK$170,373,000), representing a decrease of 2.4% from that of the fiscal year of 2014. The decrease in revenue is due to weak economic environment and intense competition of household products market during the year.

Gross profit margin decreased from 9.7% in 2014 to 9.2% in 2015 due to the trend of increase in cost of labour and raw materials during the year.

Other income increased from approximately HK$1,821,000 in 2014 to approximately HK$7,077,000 in 2015, mainly due to the increase in investment income and gain on disposal of subsidiaries during the year.

Distribution costs decreased from approximately HK$928,000 in 2014 to approximately HK$594,000 in 2015 due to the decrease in sales and thus decrease in transportation cost and overseas travelling expenses during the year.

Administrative expenses increased from approximately HK$18,861,000 in 2014 to approximately HK$26,101,000 in 2015, mainly due to the exchange losses from the depreciation of RMB, rental expenses and other tax expenses.

Other operating expenses of approximately HK$1,493,000 which mainly included fair value losses on investment properties of approximately HK$1,296,000.

Finance costs decreased from approximately HK$3,249,000 in 2014 to approximately HK$2,468,000 in 2015, as the average borrowings rate decreased.

Income tax expense decreased from approximately HK$2,201,000 in 2014 to approximately HK$2,047,000 in 2015, mainly due to decrease of operating profits in the PRC subsidiaries during the year.

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$	*HK$*
General corporate and working capital purpose	149,506,000	149,506,000

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 31 December 2015, the Group had cash and bank balances of approximately HK$42,537,000 (2014: approximately HK$125,304,000) and net current assets of approximately HK$123,777,000 (2014: approximately HK$134,445,000), the decrease in current assets is due to decrease of restricted cash and bank balances and cash and bank balances.

The Group had bank borrowings of approximately HK$31,284,000 as at 31 December 2015 (2014: approximately HK$36,962,000). All borrowings were repayable within one year. The Group's borrowings carried interests at fixed and floating rate.

As at 31 December 2015, the Group had current liabilities of approximately HK$69,956,000 (2014: approximately HK$77,975,000). The decrease in current liabilities was mainly due to the decrease in other payables and accruals and bank borrowings.

BANK BORROWINGS

As at 31 December 2015, bank borrowings of approximately HK$19,523,000 (2014: HK$24,286,000) were secured by leasehold land and certain buildings owned by an independent third party.

GEARING RATIO

The Group's gearing ratio, which was derived from the total bank borrowings to total assets, decreased from 15.0% in 2014 to 14.0% in 2015, as a result of the decrease in bank borrowings.

COMMITMENTS

As at 31 December 2015, the Group's capital commitments and operating lease commitments amounted to approximately HK$10,426,000 and HK$18,142,000 (2014: HK$Nil and approximately HK$2,676,000) respectively, attributable to acquisition of property, plant and equipment and rentals payable for certain offices.

CONTINGENT LIABILITIES

As at 31 December 2015, the Group did not have any significant contingent liabilities (2014: HK$Nil).

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

The Group is committed to maintaining the high environmental and social standards to ensure sustainable development of its business. The Group has complied with the applicable laws and regulations related to environmental protection and taken necessary environmental protection measures. During the reporting period, the Group has not received any penalty from the environment protection department. And the Group continually seeks to identify and manage environmental impacts attributable to its operational activities in order to minimise these impacts. For employee, the Group emphasis on the improvement of workplace conditions and promotes health and safety working environment. Also the Group has participated in environmental and social activities which benefit the community. For customers, the Group aims to provide high quality and safe products at a reasonable price. To achieve the above aims, the Group has continuously reviewed its internal resources, current practices and sought professional advice to enhance environmental and social sustainability.

EXPOSURE TO FLUCTATION IN EXCHANGE RATES AND RELATED HEDGES

All transactions of the Group are denominated in RMB, HKD, European dollars or USD. The Group is exposed to foreign exchange risk with respect to the fluctuation of RMB which may affect the Group's performance and value asset. The Group has not entered into any derivative contract, to hedged against the risk.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, the Group employed approximately 410 staff in the PRC and Hong Kong. The Group's remuneration to employees, including Directors' emoluments, increased by approximately HK$2,861,000 to approximately HK$31,475,000 for the fiscal year of 2015.

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.

TREASURY POLICIES AND CAPITAL STRUCTURE

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year.

CODE OF BEST PRACTICE

The Group is committed to ensuring high standards of corporate governance and business practices. The Company's corporate governance practices are based on the principles and the code provisions (the "Code Provisions") as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code"), amended from time to time, contained in Appendix 14 of the Listing Rules. As far as the CG Code is concerned, during the year and up to the date of this annual announcement, the Company complies with all aspect of the Code Provisions except disclosed below:

Under the CG Code provision E.1.2, the chairman of the Board should attend the AGM and invite the chairmen of audit committee, remuneration committee 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.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted a code of conduct regarding directors' securities transactions as set out in Appendix 10 of the Listing Rules. Having made specific enquiry, all directors have fully complied with the required standard set out in Appendix 10 of the Listing Rules for the year ended 31 December 2015.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with the Code on Corporate Practices as set out in Appendix 14 of the Listing Rules. The Audit Committee comprises the following three members, all independent non-executive Directors:

(i) Mr. Fung Tze Wa, Chairman of Audit Committee

(ii) Mr. Ting Wong Kacee

(iii) Mr. Tse Ting Kwan

Given below are the main duties of the Audit Committee:

(i) to make recommendations with respect to the appointment, re-appointment and removal of the Company's external auditor, and to evaluate their independence, objectivity and effectiveness of the audit process;

(ii) to review and monitor the interim and annual financial statements, reports and accounts of the Company, and to review significant and judgemental financial reporting issues contained therein;

(iii) to review the Company's financial controls, internal controls and risk management systems; and

(iv) to discuss with the management the system of internal controls, and to ensure that the management has discharged its duties and responsibilities in implementing an effective internal control system.

REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed the audited financial statements for the year ended 31 December 2015, including the accounting principles and practice adopted by the Group, in conjunction with the Company's external auditors.

ANNUAL GENERAL MEETING

A notice convening the AGM of the Company will be published and dispatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2015 (2014: HK$Nil).

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Company (http://www.776.hk) 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.

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

Hong Kong, 31 March 2016

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.