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 2016

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 2016 together with the unaudited comparative figures for the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2016

		Unaudited Six months ended 30 June	
		2016	2015
	Note	***HK$'000***	*HK$'000*
REVENUE		**69,752**	70,789
Cost of goods sold		**(65,043)**	(64,704)
Gross profit		**4,709**	6,085
Other income	*4*	**1,271**	1,011
Distribution costs		**(889)**	(334)
Administrative expenses		**(9,807)**	(9,503)
Other operating expenses		**(229)**	–
LOSS FROM OPERATIONS		**(4,945)**	(2,741)
Finance costs		**(587)**	(1,352)
LOSS BEFORE TAX		**(5,532)**	(4,093)
Income tax expense	*5*	**–**	(136)
LOSS FOR THE PERIOD		**(5,532)**	(4,229)
Other comprehensive loss:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translating foreign operations		**(1,253)**	(2,951)
Total comprehensive loss for the period		**(6,785)**	(7,180)
LOSS PER SHARE			
Basic (HK cents)	*7*	**(1.93)**	(1.47)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016

	Note	**Unaudited At 30 June 2016 *HK$'000***	Audited At 31 December 2015 *HK$'000*
Non-current assets			
Property, plant and equipment	*8*	**12,406**	12,562
Investment properties		**16,623**	16,985
		29,029	29,547
Current assets			
Inventories		**19,615**	25,772
Trade receivables	*9*	**17,565**	29,465
Due from related companies		**4,737**	4,815
Deposits, other receivables and prepayments		**4,829**	91,143
Cash and bank balances		**120,141**	42,537
		166,887	193,732
Current liabilities			
Trade and other payables and accruals	*10*	**25,144**	36,816
Due to a related Company	*11*	**11**	251
Current tax liabilities		**69**	1,604
Bank borrowings		**24,153**	31,284
		49,377	69,955
NET CURRENT ASSETS		**117,510**	123,777
TOTAL ASSETS LESS CURRENT LIABILITIES		**146,539**	153,324
Non-current liabilities			
Deferred tax liabilities		**1,716**	1,716
NET ASSETS		**144,823**	151,608
CAPITAL AND RESERVES			
Share capital	*12*	**2,872**	2,872
Reserves		**141,951**	148,736
TOTAL EQUITY		**144,823**	151,608

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Six months ended 30 June	
	2016	2015
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Total equity of the Group at 1 January	**151,608**	166,662
Changes in equity during the period:		
– Exchange differences arising on translating on foreign operations	**(1,253)**	(2,951)
– Loss for the period	**(5,532)**	(4,229)
Total comprehensive loss for the period	**(6,785)**	(7,180)
Total equity of the Group at 30 June	**144,823**	159,482

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Six months ended 30 June	
	2016	2015
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Net cash from/(used in) operating activities	**87,628**	**(65,320)**
Net cash (used in)/from investing activities	**(557)**	**13**
Net cash used in financing activities	**(7,958)**	**(4,019)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**79,113**	**(69,326)**
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**42,537**	**125,304**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(1,509)**	**(1,268)**
CASH AND CASH EQUIVALENTS AT 30 JUNE	**120,141**	**54,710**
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**120,141**	**54,710**

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 1203 -1204, 12/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 (''HK$'') and all values are rounded to the nearest thousand except when otherwise indicated, which is the Company's functional and presentation currency.

In the opinion of the Directors, 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.

The condensed consolidated financial information have been prepared in accordance with Hong Kong Accounting Standard (''HKAS'') 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 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

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

In the current period, 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 2016. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); HKAS and Interpretations. The following standards have been adopted by the Group for the first time for the financial period beginning on 1 January 2016:

HKFRS 14	Regulatory Deferral Accounts
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method In Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

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 I January 2016. 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 *HK$'000*	**Property investment** *HK$'000*	**Total** *HK$'000*
Six months ended 30 June 2016 (unaudited)			
Revenue from external customers	**69,641**	**111**	**69,752**
Intersegment revenue	**–**	**–**	**–**
Segment loss	**(842)**	**(149)**	**(991)**
Interest revenue	**47**	**–**	**47**
Interest expense	**(587)**	**–**	**(587)**
Depreciation	**(927)**	**–**	**(927)**
Additions to segment non-current assets	**2,531**	**–**	**2,531**
Other material non-cash item:			
– Fair value change of investment properties	**–**	**(229)**	**(229)**
As at 30 June 2016			
Segment assets	**61,912**	**16,644**	**78,556**

	Stainless steel furnishings *HK$'000*	Property investment *HK$'000*	Total *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 change of investment property	–	500	500
As at 30 June 2015			
Segment assets	70,857	6,522	77,379

Reconciliations of segment assets:

	At 30 June 2016 (unaudited) *HK$'000*	At 31 December 2015 (audited) *HK$'000*
Assets		
Total assets of reportable segments	**78,556**	90,727
Unallocated corporate assets	**117,360**	132,552
Consolidated total assets	**195,916**	223,279

Reconciliation of reportable segment revenue and results:

	Six months ended 30 June	
	2016 (unaudited) *HK$'000*	2015 (unaudited) *HK$'000*
Revenue		
Total revenue of reportable segments	**69,752**	70,789
Elimination of intersegment revenue	**–**	–
Consolidated revenue	**69,752**	70,789
Profit or loss		
Total (loss)/profit of reportable segments	**(991)**	599
Unallocated finance costs	**–**	(333)
Unallocated corporate income	**1,139**	440
Unallocated corporate expenses	**(5,680)**	(4,935)
Consolidated loss for the period	**(5,532)**	(4,229)

4. OTHER INCOME

	Six months ended 30 June	
	2016	2015
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Fair value gain on investment property	**–**	500
Interest income	**97**	136
Investment income	**919**	374
Net exchange gain	**216**	–
Others	**39**	1
	1,271	1,011

5. INCOME TAX EXPENSE

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

Under the Law of the PRC on Enterprise Income Tax and Implementation Rules, the statutory tax rate of PRC subsidiaries is 25% (2015: 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 dividend was paid, declared or proposed during the period. The Directors have determined that no dividend will be paid in respect of the interim period (2015: Nil).

7. LOSS PER SHARE

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

	Six months ended 30 June	
	2016	2015
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company, used in the basic loss per share calculation	**(5,532)**	(4,229)

	Six months ended 30 June	
	2016	2015
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares used in basic loss per share calculation	**287,206,000**	287,206,000

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group had additions to property, plant and equipment in the amount of approximately HK$2,531,000 (2015: approximately HK$135,000). The Group has no material disposal of property, plant and equipment in both periods.

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:

	At 30 June 2016 (unaudited)	At 31 December 2015 (audited)
	HK$'000	*HK$'000*
0 – 30 days	**13,659**	16,539
31 – 60 days	**3,906**	12,926
Total	**17,565**	29,465

10. TRADE AND OTHER PAYABLES AND ACCRUALS

	At 30 June 2016 (unaudited)	At 31 December 2015 (audited)
	HK$'000	*HK$'000*
Trade payables	**8,942**	15,636
Other payables and accruals	**16,202**	21,180
	25,144	36,816

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:

	At 30 June 2016 (unaudited) *HK$'000*	At 31 December 2015 (audited) *HK$'000*
0 – 30 days	**6,160**	10,985
31 – 60 days	**1,042**	4,644
61 – 90 days	**1,728**	–
Over 90 days	**12**	7
Total	**8,942**	15,636

11. DUE TO A RELATED COMPANY

The balance is unsecured, interest-free and has no fixed repayment terms.

12. SHARE CAPITAL

	Number of shares *'000*	*HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2015 (audited), 31 December 2015 (audited) and 30 June 2016 (unaudited)	5,000,000	50,000
Issued and fully paid:		
At 1 January 2015 (audited), 31 December 2015 (audited) and 30 June 2016 (unaudited)	287,206	2,872

13. 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:

	At 30 June 2016 (unaudited)	At 31 December 2015 (audited)
	HK$'000	*HK$'000*
Within one year	**2,612**	3,911
In the second to fifth years, inclusive	**6,204**	6,353
After five years	**6,979**	7,877
	15,795	18,141

The Group as lessor

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

	At 30 June 2016 (unaudited)	At 31 December 2015 (audited)
	HK$'000	*HK$'000*
Within one year	**–**	72

14. 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 2016 and 31 December 2015:

	Fair value measurements using: Level 3	
Description	**At 30 June 2016 (unaudited)** ***HK$'000***	At 31 December 2015 (audited) *HK$'000*
Recurring fair value measurements:		
Investment properties		
Residential unit – Hong Kong	**6,300**	6,400
Commercial units — the PRC	**10,323**	10,585
	16,623	16,985

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

Investment properties	At **30 June 2016** **(unaudited)** ***HK$'000***	At 31 December 2015 (audited) HK$'000
At 1 January	**16,985**	6,000
Additions	**–**	12,767
Total losses recognised in profit or loss (#)	**(229)**	(1,296)
Exchange realignment	**(133)**	(486)
At 30 June/31 December	**16,623**	16,985
(#) Include losses for assets held at end of reporting period	**(229)**	(1,296)

The total losses recognised in profit or loss including those for assets held at end of reporting period are presented in other operating expenses 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 2016 and 31 December 2015:

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)

– view difference (estimated based on valuation experts' in-house database)

– Market quote adjustment factor (estimated based on valuation experts' in-house database)

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range %	Effect on fair value for increase of inputs	**Fair value 30 June 2016 (unaudited)** ***HK$'000***	Fair value 31 December 2015 (audited) *HK$'000*
Investment property – Residential unit located in Hong Kong	Market comparable approach	Inflation	0% (2015: –4.46%)	Increase	**6,300**	6,400
		Floor difference	–9.0% to 8.5% (2015: -3.5% to 8.5%)	Increase		
		Size difference	–4.36% to 7.76% (2015: –3.38% to 4.39%)	Increase		
		View difference	5% (2015: 3%)	Increase		
Investment property – Commercial units located in the PRC	Market comparable approach	Market quote adjustment factor	–5% (2015: –5%)	Decrease	**10,323**	10,585
		Floor difference	–35% to -45% (2015: –35% to -45%)	Decrease		

There were no changes in the valuation techniques used as at 30 June 2016 and 31 December 2015.

15. 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	
	2016	2015
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Directors' remuneration	**553**	553

(b) Transactions with related parties

	Six months ended 30 June	
	2016	2015
	(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*)	**525**	369
Leasing charges paid to		
– 餘姚捷豐空調設備有限公司 (Yuyao Jiefeng Air Conditioning Equipment Co., Limited*)	**–**	84
Processing charges paid to		
– 寧波捷豐現代家俱有限公司 (Ningbo JF Furniture Co., Limited*)	**477**	124
Purchase from		
– 寧波捷豐現代家俱有限公司 (Ningbo JF Furniture Co., Limited*)	**1,751**	526
License fees paid to		
– A.C.R. Equipment Supplies Limited	**60**	60
Rental expenses paid to		
– 寧波捷豐現代家俱有限公司 (Ningbo JF Furniture Co., Limited*)	**787**	–
– Senior management	**45**	41

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

(c) Balance with related parties

– Due from related companies

	30 June 2016 (unaudited) *HK$'000*	31 December 2015 (audited) *HK$'000*
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*)	**–**	78
	4,737	4,815

– Due to a related company

	30 June 2016 (unaudited) *HK$'000*	31 December 2015 (audited) *HK$'000*
寧波捷豐現代傢具有限公司 (Ningbo JF Furniture Co., Limited*)	**–**	251
餘姚捷豐空調設備有限公司 (Yuyao Jiefeng Air Conditioning Equipment Co., Limited*)	**11**	–
	11	251

* *for identification purpose only*

16. EVENTS AFTER REPORTING PERIOD

On 8 July 2016, the Group as purchaser, entered into a sale and purchase agreement with an independent third party to acquire the entire issued share capital of Best Gold Corporation Limited (“Best Gold’’), a company holds a money lender’s licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) (“MLO”). Mr. Cheng Ting Kong (“Mr. Cheng”), the Chairman of the Board and an executive Director, (i) is a director and a beneficial owner of Sun Finance Company Limited (“SFCL”), a company incorporated in Hong Kong and a licensed money lender engaged in money lending business under the MLO; and (ii) is a director and a substantial shareholder (as defined under the Listing Rules) of Sun International Resources Limited (“SIRL”), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8029), which engages in money lending business through its subsidiary, Sun International Credit Limited (“SICL”), a company incorporated in Hong Kong and a licensed money lender under the MLO.

In light of the above, Mr. Cheng will abstain from voting on any matter where there is or may be a conflict of interest in accordance with the requirements of the articles of association of the Company; and Mr. Cheng will allow Best Gold to remain as an independent operating entity with its own management team and distribution network and will not involve in its daily management.

Taking into account (i) Mr. Cheng is fully aware of his fiduciary duty to the Group and he will abstain from voting on any matter when there is or may be a conflict of interest; (ii) the Group is capable of, and does carry on its business independently of, and on an arm’s length basis with the competing businesses of SFCL and SIRL; and (iii) an executive committee will be formed to ensure business opportunities and the performance of Best Gold will be independently assessed and reviewed from time to time, the Board considered that Mr. Cheng does not, by himself or in his individual capacity, compete with the Company and/or the business of the Group and the Group’s interest is adequately safeguarded. The details of acquisition is set out in the Company’s announcement dated 8 July 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

The Group's revenue for the six months ended 30 June 2016 amounted to approximately HK$69.8 million, representing a decrease of approximately 1.5% over the corresponding period of 2015. Such decrease is due to the intense competition in household product market and slow grow of economy in China.

Gross profit margin of the Group decreased 1.8% to approximately 6.8% for the six months ended 30 June 2016 due to the increase in costs of labour and raw materials during the period.

Other income increased from approximately HK$1.0 million for the six months ended 30 June 2015 to approximately HK$1.3 million for the six months ended 30 June 2016, mainly due to the investment income and net exchange gain.

Distribution costs increased from approximately HK$0.3 million for the six months ended 30 June 2015 to approximately HK$0.9 million for the six months ended 30 June 2016, mainly due to the increase in declaration charge and transportation cost.

Administrative expenses increased from approximately HK$9.5 million for the six months ended 30 June 2015 to approximately HK$9.8 million for the six months ended 30 June 2016, mainly due to the increase in staff costs and rental expenses.

Business Review and Outlook

Household products business

During 2015, market condition remains challenging as the Europe's economy continuous weak and the slow growth in China economy. Besides, the rising of staff costs and intense competition also deteriorates to household market in China. The revenue from household products business for the six months ended 30 June 2016 was approximately HK$69,641,000 (2015: approximately: HK$70,685,000), representing a slightly decrease of 1.5%. The segment loss for the reporting period was approximately HK$842,000 (2015: segment profit of approximately HK$10,000).

In 2015, the Municipal People's Government of Ningbo carried out an urban renewal plan for reorganising the use of land in Yuyao City, China. In early of 2016, JF A.C.R. Equipment Supplies (Ningbo) Co., Ltd., a wholly-owned subsidiary of the Company which located in Yuyao City, has migrated its production base to the periphery area of Yuyao City. As a result, the capital expenditure increased and much distribution cost was incurred during the reporting period.

The Group will take active measure to strengthen its operational efficiency, reduce the cost of production and improve the product mix in order to improve the gross profit margin and increase the market share.

Property investment business

The Group has diversified its business to property investment in 2013 by acquired an investment property for rental purpose. The Group's revenue from property investment business during the reporting period was approximately HK$111,000 (2015: approximately HK$104,000). The segment loss was approximately HK$149,000 (2015: segment profit of approximately HK$589,000), mainly due to fair value loss on investment property which is non-cash in nature.

In 2015, the Group has acquired commercial properties situated in Liaoning Province, the PRC and have been renovated to a hotel during the period. The Group planned to lease out the hotel to earn for rental income.

Future prospects

To diversify the Group's business scope and broaden the Group's sources of income, subsequent to the end of the reporting period, the Group has acquired a company which holds a money lender's licence under the MLO. The Group is now engaged in money lending business which provides customers with a wide range of loan products and services to meet their financial needs. The financial performance of money lending business will review separately from that of the other operating segments and its results will be presented as a separate operating and reportable segment.

Looking forward, the Group will from time to time seek the business opportunities that can broaden the income base of the Group and create the maximum returns to the Shareholder.

Liquidity, Financial Resources, Funding and Treasury Policy

As at 30 June 2016, the Group had cash and bank balances of approximately HK$120.1 million (as at 31 December 2015: approximately HK$42.5 million) and short-term bank borrowings of approximately HK$24.2 million (as at 31 December 2015: approximately HK$31.3 million) respectively.

As at 30 June 2016, the Group had current assets of approximately HK$166.9 million (31 December 2015: HK$193.7 million) and current liabilities of approximately HK$49.4 million (31 December 2015: HK$69.9 million).

Gearing ratio

As at 30 June 2016, the Group's gearing ratio, which was derived from the total borrowings to total assets, decreased to 12.3% from that of 14.0% as at 31 December 2015.

Capital Structure

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

Material Acquisition and Disposal

Save as disclosed, the Group did not have any material acquisition and disposal for the six months ended 30 June 2016.

Foreign Exchange Exposure

Most of the trading transactions, assets and liabilities of the Group were denominated in Renminbi, European dollars, United States dollars and Hong Kong dollars.

Contingent Liabilities

As at 30 June 2016, the Group had no material contingent liabilities.

Employees and Remuneration Policy

As at 30 June 2016, 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$15,633,000 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.

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

As at 30 June 2016, 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 2016, none of the Directors have options to subscribe for shares in the Company.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2016, 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 2016 (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 are still outstanding. During the six months ended 30 June 2016, 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 2016.

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 and Corporate Governance Report ("CG Code") set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2016.

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 2 June 2016 ("2016 AGM"), the chairman of the Board was unable to attend the meeting as he had to attend to other business commitments. He then appointed an executive Director to chair the 2016 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. An independent non-executive Director, Mr. Ting Wong Kacee, was unable to attend the 2016 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 2016.

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 2016.

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, 31 August 2016

As at the date of this announcement, the executive Directors are Mr. Cheng Ting Kong, Mr. Luk Wai Keung 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.