JF Household Furnishings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code：776

2011 Interim Report

As at the date of this report, the Directors are:

Executive Directors:	*Non-executive Director:*	*Independent non-executive Directors:*
Mr. Yan Siu Wai	Mr. Kwan Kai Cheong	Mr. Yu Hon Wing Allan
Mr. Leung Kwok Yin		Mr. Garry Alides Willinge
Mr. Bao Jisheng		Mr. Chu Kwok Man

HIGHLIGHTS

- Turnover of the Group for the six months ended 30 June 2011 amounted to approximately HK$224.0 million (2010: HK$198.0 million), representing an increase of approximately 13.1% as compared to the corresponding period of last year.

- Net profit attributable to equity holders of the Company for the six months ended 30 June 2011 amounted to approximately HK$10.4 million (2010: approximately HK$10.9 million), representing a slight decrease of approximately 4.3% as compared to the corresponding period of last year.

- Earnings per share of the Group was approximately HK4.68 cents (2010: approximately HK5.21 cents) for the six months ended 30 June 2011.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2011

The board (the "Board") of directors (the "Directors") of 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 2011, together with the unaudited comparative figures for the corresponding period in 2010 as follows:

		Unaudited Six months ended 30 June	
		2011	2010
	Notes	**HK$'000**	HK$'000
Turnover	3	**223,985**	197,979
Cost of sales		**(199,324)**	(170,364)
Gross profit		**24,661**	27,615
Other revenue/expenses	4	**2,056**	541
Selling and distribution costs		**(1,328)**	(1,090)
Administrative expenses		**(13,557)**	(9,090)
Profit from operations		**11,832**	17,976
Finance costs		**(3,670)**	(1,352)
Gain on disposal of subsidiaries		**9,321**	–
Profit before taxation	5	**17,483**	16,624
Taxation	6	**(7,049)**	(5,725)
Profit attributable to the equity holders of the Company		**10,434**	10,899
Profit distributions/Dividend	7	**169,999**	–
Basic earnings per share (cents)	8	**4.68**	5.21

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	Unaudited At 30 June 2011 HK$	Audited At 31 December 2010 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	9	**19,252,184**	194,727,430
Available-for-sale financial assets		**–**	2,000,000
		19,252,184	196,727,430
CURRENT ASSETS			
Inventories		**111,160,584**	128,915,041
Trade receivables	10	**36,291,677**	67,517,484
Deposits and other receivables and prepayments		**11,762,619**	27,700,073
Due from related companies	11	**441,294**	–
Pledged bank deposit		**28,200,972**	21,339,517
Bank and cash balances		**27,452,195**	32,572,820
		215,309,341	278,044,935
Non-current assets held for sale		**10,826,935**	11,158,972
		226,136,276	289,203,907
TOTAL ASSETS		**245,388,460**	485,931,337

	Notes	Unaudited At 30 June 2011 HK$	Audited At 31 December 2010 HK$
CURRENT LIABILITIES			
Trade Payables	12	**56,150,172**	72,433,233
Other Payables and accruals		**26,246,625**	30,011,390
Current tax liabilities		**2,443,358**	9,333,650
Bank borrowings		**121,808,328**	160,008,863
		206,648,483	271,787,136
NET CURRENT ASSETS		**19,487,792**	17,416,771
TOTAL ASSETS LESS CURRENT LIABILITIES		**38,739,977**	214,144,201
NON-CURRENT LIABILITIES			
Deferred Tax Liabilities		**–**	1,223,267
NET ASSETS		**38,739,977**	212,920,934
CAPITAL AND RESERVES			
Share capital		**2,236,890**	2,226,890
Reserves		**36,503,087**	210,694,044
TOTAL EQUITY		**38,739,977**	212,920,934

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited For the six months ended 30 June 2011 HK$'000	Unaudited For the six months ended 30 June 2010 HK$'000
TOTAL EQUITY		
Balance at beginning of period	**212,921**	184,701
Profit for the period	**10,434**	10,899
Issuance of new shares	**900**	781
Foreign currency translation reserve	**(15,515)**	2,387
Dividend paid on shares	**(169,999)**	(10,501)
Balance at end of period	**38,740**	188,267

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited For the six months ended 30 June 2011 HK$'000	Unaudited For the six months ended 30 June 2010 HK$'000
Net cash generated from/(used in) operating activities	**119,182**	(32,243)
Net cash generated from/(used in) investing activities	**102,708**	(23,987)
Net cash (used in)/generated from financing activities	**(212,435)**	55,741
Net increase/(decrease) in cash & cash equivalents	**9,455**	(489)
Cash and cash equivalents at 1 January	**32,573**	23,335
Effect of foreign exchange rate changes	**(16,042)**	1,080
Cash and cash equivalents at 30 June	**25,986**	23,926

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Company reorganisation

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 19 January 2005 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganisation, details of which are set out in the paragraph headed "Corporate reorganisation" in the section headed "Further information about the Company" in Appendix V to the prospectus of the Company dated 5 October 2005, the Company became the holding company of the subsidiaries of the Group. The shares of the Company were previously listed on the Growth Enterprise Market (the "GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the listing of which were subsequently transferred to the Main Board of the Stock Exchange on 10 September 2008.

2. Basis of preparation and principal accounting policies

The unaudited interim results have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. They have been prepared under the historical cost convention and in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and the disclosure requirements of the Hong Kong Companies Ordinance.

The accounting policies adopted in preparing the unaudited consolidated results for the six months ended 30 June 2011 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010.

3. Turnover

The Group was principally engaged in the manufacturing and sales of (i) furnishings and home products and accessories primarily used in the kitchens and bathroom with stainless steel as raw materials, and (ii) wooden panel furniture. Subsequent to the disposal ("Disposal") of the wooden panel furniture business, i.e. the timber business on 10 June 2011 (as announced in the joint announcement ("Joint Announcement") issued by the Company and Bounty Wealth Limited ("Bounty Wealth") on 10 June 2011), the Group is principally engaged in the manufacturing and sales of furnishings and home products and accessories primarily used in the kitchens and bathroom with stainless steel as raw materials. Turnover represents invoiced value of goods sold, net of value-added tax, and after allowance for goods returned and trade discounts. Turnover for the two separate businesses during the reported period can be summarized as follows:

	Unaudited For the six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
Stainless steel products	**162,298**	142,915
Timber products	**61,687**	55,064
Total	**223,985**	197,979

4. Other Revenue

Other revenue for the six months ended 30 June 2011 amounted to approximately HK$2.06 million (2010: approximately HK$0.54 million). The Group had an exchange gain of approximately HK$1,470,000 for the six months ended 30 June 2011 while approximately HK$129,000 was recorded in the corresponding period in 2010. The Group during the six months ended 30 June 2011 received a government grant of HK$420,000 while HK$309,000 was recorded in the corresponding period of 2010.

5. Profit Before Taxation

	Unaudited Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
Profit before taxation has been arrived at after crediting:		
Exchange Gains	**1,474**	130
Depreciation of property, plant and equipment	**3,305**	2,960

6. Taxation

No provision for profits tax in the Cayman Islands or the British Virgin Islands has been made as the Group had no income assessable for the period.

Pursuant to the relevant laws and regulations in the People's Republic of China ("PRC"), 寧波捷豐家居用品有限公司 (JF A.C.R. Equipment Supplies (Ningbo) Co., Ltd.) ("JF Ningbo"), a subsidiary of the Company operating in Zhejiang Province, the PRC, is subject to enterprise income tax rate at 25% on its taxable profit in accordance with the relevant income tax laws of the PRC.

Pursuant to the relevant laws and regulations in the PRC, 寧波捷豐金屬制品有限公司 (Ningbo JF Metal Products Co. Ltd.) ("JF Metal") and 寧波捷豐現代家俱有限公司 (Ningbo JF Furniture Co. Ltd) ("JF Furniture"), two subsidiaries of the Company operating in Zhejiang Province, the PRC, are subject to enterprise income tax rate at 25% on its taxable profit in accordance with the relevant income tax laws of the PRC. Each of JF Metal and JF Furniture is entitled to a two-year exemption from enterprise income tax starting from its first profitable year of operation and followed by a 50% tax reduction for the subsequent three years. Since the two-year tax exemption period for both JF Metal and JF Furniture had expired in 2009, both JF Metal and JF Furniture are subject to the second year of the 50% tax reduction period. Subsequent to the completion of the Disposal on 10 June 2011, JF Furniture ceased to be a subsidiary of the Group.

7. Dividends

As disclosed by an announcement of the Company dated 31 May 2011, the Board resolved after the EGM held on 31 May 2011 that a special dividend out of the distributable reserve of the Company of HK$0.75998 per Share ("**Special Distribution**") be distributed to Shareholders whose names appeared on the register of members of the Company at the close of business on 9 June 2011. Apart from the Special Distribution, the Directors did not and do not recommend the payment of dividend for the six months ended 30 June 2011 (2010: Nil).

8. Basic earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to shareholders during the six month period ended 30 June 2011 of approximately HK$10.4 million (2010: approximately HK$10.9 million) and weighted average of 222,893,000 ordinary shares of the Company during the six months ended 30 June 2011 (2010: 209,371,100 ordinary shares).

9. Property, plant and equipment

	Leasehold Land HKD	Buildings HKD	Plant and Machinery HKD	Furniture, fixtures and equipment HKD	Motor Vehicles HKD	Construction in progress HKD	Total HKD
Cost							
At 1 January 2011	54,575,329	30,315,429	42,347,228	3,442,882	1,994,526	84,421,981	217,097,375
Additions	–	–	127,486	184,502	858,365	15,655,969	16,826,322
Disposal	–	–	–	–	(449,643)	–	(449,643)
Discontinued operation	(54,575,329)	(30,315,429)	(14,289,357)	(721,150)	(981,843)	(100,077,950)	(200,961,058)
Exchange Adjustment	–	–	157,301	–	–	–	157,301
At 30 June 2011	–	–	28,342,658	2,906,234	1,421,405	–	32,670,297
Accumulated depreciation							
At 1 January 2011	2,751,567	4,172,410	11,577,878	2,774,398	1,093,692	–	22,369,945
Charge for the period	548,501	567,088	1,834,489	206,835	148,104	–	3,305,017
Disposal	–	–	–	–	(404,678)	–	(404,678)
Discontinued operation	(3,300,068)	(4,739,498)	(2,836,415)	(465,834)	(496,326)	–	(11,838,141)
Exchange Adjustment	–	–	(14,030)	–	–	–	(14,030)
At 30 June 2011	–	–	10,561,922	2,515,399	340,792	–	13,418,113
Net book value							
At 30 June 2011	51,823,762	26,143,019	30,769,350	668,484	900,834	84,421,981	194,727,430
At 31 December 2010	–	–	17,780,736	390,835	1,080,613	–	19,252,184

10. Trade receivables

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

	At 30 June 2011 HK$'000 (Unaudited)	At 31 December 2010 HK$'000 (Audited)
0-30 days	**34,032**	45,982
31-60 days	**2,260**	4,933
61-90 days	**–**	–
> 90 days	**–**	1,025
	36,292	51,940

11. Due from related companies

The amounts due from related companies represent utility expenses due from Yuyao Jiefeng Air Conditioning Equipment Co., Ltd incurred for a shared meter.

12. Trade payables

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

	At 30 June 2011 HK$'000 (Unaudited)	At 31 December 2010 HK$'000 (Audited)
0-30 days	**13,158**	29,912
31-60 days	**11,156**	11,544
61-90 days	**71**	2,142
> 90 days	**429**	1,443
	24,814	45,041

13. Segment Information

Information about reportable segment revenue, results and assets:

	Stainless steel furnishings HK$'000	Discontinued operation HK$'000	Total HK$'000
Six month ended 30 June 2011			
Revenue from external customers	162,698	61,687	223,985
Intersegment revenue	–	–	–
Segment results	8,175	(3,533)	4,642
Interest revenue	28	20	48
Interest expense	1,642	1,729	3,371
Depreciation and amortisation	1,483	1,822	3,305
Income tax expenses	7,020	29	7,049
Additions to segment non-current assets	1,084	15,742	16,826
As at 30 June 2011			
Segment assets	245,388	–	245,388

14. Liquidity, Financial Resources, Funding and Treasury Policy

As at 30 June 2011, the Group had bank and cash balances of approximately HK$27.5 million (as at 31 December 2010: approximately HK$32.6 million) and short term bank borrowings of approximately HK$121.8 million (as at 31 December 2010: approximately HK$160 million) respectively. Net current assets of the Group was approximately HK$19.5 million, a level slightly higher than that as at 31 December 2010, which was approximately HK$17.4 million. Non-current assets decreased to approximately HK$19.3 million as at 30 June 2011 from that of approximately HK$196.7 million as at 31 December 2010, as the Group disposed the timber business on 10 June 2011.

As at 30 June 2011, the Group had current liabilities of approximately HK$206.6 million as compared to approximately HK$271.8 million as at 31 December 2010. The decrease in current liabilities was again due to the disposal of the timber business by the Group on 10 June 2011.

Most of the trading transactions, assets and liabilities of the Group were denominated in RMB, US Dollars and Hong Kong Dollars.

15. Gearing Ratio

As at 30 June 2011, the Group's gearing ratio, which was derived from the total borrowings to total assets, increased to 49.6% from that of 32.9% as at 31 December 2010, as the Group disposed the timber business on 10 June 2011, which had a relatively large fixed asset base. Moreover, the Group declared and paid the Special Distribution during the period (as disclosed in an announcement of the Company dated 31 May 2011), resulting in a high level of borrowing for the Group.

16. Future Plans for Material Investments

The Company had no material acquisition or capital expenditure plan for the six months ended 30 June 2011.

17. Material Acquisitions and Disposals

On 29 January 2011, JF Asia, a wholly-owned subsidiary of the Company (as vendor), entered into an agreement for the Disposal with First Priority Inc. ("First Priority") (as purchaser) (as amended and supplemented by a supplemental disposal agreement dated 11 May 2011), pursuant to which JF Asia agreed to dispose and First Priority agreed to acquire 100 shares of US$1.00 each of JF BVI (being the entire issued shares of JF BVI) at a consideration of HK$102,060,703, subsequently adjusted to HK$100,576,477. The Disposal was completed on 10 June 2011 and was announced in the Joint Announcement. Apart from the Disposal as disclosed in the Joint Announcement, the Group did not have any other material acquisitions and disposals for the six months ended 30 June 2011.

18. Contingent Liabilities

As at 30 June 2011, the Group had no contingent liabilities.

19. Foreign Exchange Exposure

All transactions of the Group are denominated in Renminbi, Hong Kong Dollars or US Dollars.

20. Employees and Remuneration Policy

As at 30 June 2011, the Group employed approximately 725 staff in the PRC and Hong Kong. The Group's remuneration to employees, including Directors' emoluments, amounted to HK$21,800,000 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.

21. Capital Structure

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

The Group's turnover for the six months ended 30 June 2011 amounted to approximately HK$224 million, representing an increase of approximately 13.1% over the corresponding period of 2010. The increase was mainly due to the increase in turnover for both of the stainless steel business and the timber business.

Turnover in the stainless steel business for the six months ended 30 June 2011 was approximately HK$162.3 million, representing a growth of approximately 13.6% from that of approximately HK$142.9 million for the corresponding period in 2010, mainly because of the gradual recovery of the worldwide economies from the financial crisis.

Timber business turnover for the six months ended 30 June 2011 amounted to approximately HK$61.7 million, representing a growth of approximately 12.0% from that of approximately HK$55.0 million for the corresponding period of 2010. More new products were introduced to the Board on Frame ("BOF") series during the six months ended 30 June 2011.

Overall gross profit margin of the Group for the six months ended 30 June 2011 decreased to approximately 11.0% from approximately 13.9% for the six months ended 30 June 2010 mainly because of increase in labor costs and the relatively low margin for the BOF products.

Gross profit margin for the stainless steel division decreased from approximately 16.3% for the six months ended 30 June 2010 to approximately 13.3% for the six months ended 30 June 2011, mainly due to higher labor costs and changes in product mix.

Gross profit margin for the timber division decreased from approximately 7.9% for the six months ended 30 June 2010 to approximately 4.9% for the corresponding period in 2011, as a lot of resources and efforts were spent on testing the new production lines in the BOF series.

Total expenses increased substantially by approximately HK$7.02 million from approximately HK$11.53 million for the six months ended 30 June 2010 to approximately HK$18.55 million for the six months ended 30 June 2011. The increase was mainly due to approximately HK$3.6 million high development cost for new BOF products, and approximately HK$2.37 million additional financial costs for higher borrowing related to the BOF facilities.

Income tax expenses increased from approximately HK$5.72 million for the six months ended 30 June 2010 to approximately HK$7.05 million for the six months ended 30 June 2011, mainly due to the increase in dividend taxes.

As at 30 June 2011, the Group had bank and cash balances of approximately HK$27.5 million (as at 31 December 2010: approximately HK$32.6 million) and short term bank borrowings of approximately HK$121.8 million (as at 31 December 2010: approximately HK$160.0 million) respectively. The decrease in bank borrowings were mainly due to the sale of the timber business.

Business Review

Economies in the U.S. and Western European countries remained uncertain during the first half of 2011 as the debt crisis continued to exert pressure on the financial markets.

Although businesses for the stainless steel division continued to grow, the timber division was affected by high borrowing costs and by high development costs of approximately HK$3.6 million for the development of new BOF products.

Labour costs continued to rise as the PRC Government implemented policies for improving the standard of living for the labour. Therefore, the Group's management took a conservative stance in the stainless steel division in face of shortage and the rising demands from labour by increasing the order books only slightly above 2010 level.

As disclosed in the Joint Announcement, the Disposal was completed on 10 June 2011, pursuant to which the Group disposed the timber business to reduce the bank borrowings of the Group as it appeared likely that it will take a couple of years for the new BOF business to become profitable.

Outlook

Economies in the U.S. and Western European continue to be highly uncertain as the debt problems have shaken the confidence of the financial markets. Worldwide economic recovery is expected to be weak and fragile.

Following the Disposal of the timber business by the Group, the management is confident that the remaining stainless steel business will remain stable and the Group will deliver a reasonable profit to its shareholders.

OTHER INFORMATION

1. Interests and Short Positions of Directors and Substantial Shareholders in Shares, Underlying Shares

The Directors who held office at 30 June 2011 had the following interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (the "SFO")) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have been taken under such provisions of the SFO) or which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules relating to securities transaction by the Directors on the listing of the shares:

(a) Aggregate long positions in shares of the Company

As at 30 June 2011, none of the Directors had any interests or short positions in the shares, underlying shares and debentures of the Company or its associates.

(b) Aggregate long positions in equity derivatives in, or in respect of, underlying shares

As at 30 June 2011, there was no options outstanding.

2. Substantial Shareholders

Save as disclosed below, as at 30 June 2011, the Directors were not aware of any other persons who had an interests or a 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 shareholder	Capacity	No. of shares	Approximate percentage
Bounty Wealth (Note 1)	beneficial owner	136,752,000	61.13
Cheong Jose Vai Chi ("Mr. Cheong") (Note 2)	corporate interest	136,752,000	61.13

Notes:

1. As disclosed by a joint announcement dated 21 July 2011 issued by the Company and Bounty Wealth, an unconditional mandatory general cash offer ("Offer") was made by Bounty Wealth for all the issued shares of the Company (other than those already owned by Bounty Wealth and parties acting in concert with it). Following the close of the Offer on 21 July 2011, Bounty Wealth and parties acting in concert with it are interested in 170,711,000 shares, representing approximately 76.32% of the total issued share capital of the Company.

2. As Bounty Wealth is solely owned by Mr. Cheong, by virtue of the SFO, Mr. Cheong was deemed to be interested in 136,752,000 shares as at 30 June 2011 and 170, 711,000 shares on 21 July 2011.

3. Share Options

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

All options granted under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme had been exercised before the commencement of the reporting period.

Details of the share options granted pursuant to the New Share Option Scheme and exercised during the six months ended 30 June 2011 are as follows:

		Options held as at 1 January 2011	Options held as at 30 June 2011	Exercise price (HK$)	Options exercised during the six months ended 30 June 2011
(A)	**Employees**	1,000,000	–	0.90	1,000,000
(B)	**Directors**	–	–	–	–
	Total	1,000,000	–	–	1,000,000

4. Competing Interests

None of the Directors or their respective associates (as defined in the Listing Rules), had any interests in any business which compete or may compete with the Company or any other conflicts of interest which any such person may have with the Company.

5. Audit Committee

The Company has established an audit committee on 8 September 2005 with written terms of reference in compliance with Rules 3.21 to 3.23 of the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group.

The audit committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the Group's audit. It also reviews the effectiveness of both the external and internal audit and of internal controls and risk evaluation. The audit committee comprises of three independent non-executive Directors, namely Mr. Yu Hon Wing Allan (chairman), Mr. Garry Alides Willinge and Mr. Chu Kwok Man and one non-executive Director, namely Mr. Kwan Kai Cheong.

The unaudited half year results for the six months ended 30 June 2011 has been reviewed by the audit committee.

6. Purchase, Sale or Redemption of Shares

The Company has not redeemed any of its shares during the six months ended 30 June 2011. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

7. Corporate Governance Practices

The Group is committed to ensuring high standards of corporate governance and business practices. The Group has complied throughout the six months ended 30 June 2011 with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules. The Board will continue to commit itself to achieving a high quality of corporate governance.

8. 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 the Listing Rules for the six months ended 30 June 2011.

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

Hong Kong, 12 August 2011