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Power Ocean Holdings Limited

*(a company incorporated in British Virgin Islands
with limited liability)*

JF Household Furnishings Limited

捷豐家居用品有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 776)

JOINT ANNOUNCEMENT

- (1) SALE AND PURCHASE AGREEMENT IN RELATION TO
THE SALE AND PURCHASE OF SHARES IN
JF HOUSEHOLD FURNISHINGS LIMITED;**
- (2) UNCONDITIONAL MANDATORY CASH OFFERS BY
SBI E2-CAPITAL (HK) LIMITED
FOR AND ON BEHALF OF
POWER OCEAN HOLDINGS LIMITED
FOR ALL THE ISSUED SHARES IN
JF HOUSEHOLD FURNISHINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY POWER OCEAN
HOLDINGS LIMITED AND PARTIES ACTING IN CONCERT WITH IT);
AND**
- (3) RESUMPTION OF TRADING IN SHARES OF
JF HOUSEHOLD FURNISHINGS LIMITED**

Financial adviser to the Offeror



大有融資有限公司
MESSIS CAPITAL LIMITED

THE SALE AND PURCHASE AGREEMENT

The Board was informed by the Vendor that, on 27 April 2012, the Purchaser entered into the Sale and Purchase Agreement with the Vendor pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell 167,711,000 Sale Shares at a consideration of HK\$200,000,000 (equivalent to approximately HK\$1.1926 per Sale Share).

The Completion has taken place immediately upon signing of the Sale and Purchase Agreement on 27 April 2012. As at the date of this announcement, the Purchaser and parties acting in concert with it own 167,711,000 Shares, representing approximately 70.09% of the entire issued share capital of the Company.

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On 28 May 2012, the Purchaser and the Vendor entered into the Supplemental Agreement, pursuant to which both parties agreed to amend the payment manner of the consideration of HK\$200,000,000 for the Sale Shares.

UNCONDITIONAL MANDATORY CASH OFFERS

As at the date of this announcement, the Purchaser and parties acting in concert with it own 167,711,000 Shares, representing approximately 70.09% of the entire issued share capital of the Company. In accordance with Rule 26.1(a) of the Takeovers Code, the Purchaser is required to make the Share Offer for all the issued Shares (other than those Shares already owned by the Purchaser and parties acting in concert with it). Pursuant to Rule 13 of the Takeovers Code, the Purchaser is also required to make a comparable offer for the Warrants.

The principal terms of the Offers are set out in the section headed “Unconditional mandatory cash offers” in this announcement. The Share Offer Price of HK\$1.4907 is determined with reference to the principal sum of the Loan of HK\$250,000,000 divided by 167,711,000 Shares. As the exercise price of the Warrants of HK\$1.92 per Share is higher than the Share Offer Price of HK\$1.4907, the price for the Warrant Offer will be made only at a nominal value of HK\$0.01.

As at the date of this announcement, there are 239,289,000 Shares in issue and 18,000,000 Warrants. Save for the 239,289,000 Shares and the 18,000,000 Warrants, there are no outstanding securities, share options, warrants, derivatives or convertibles which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into the Shares.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the Offers are, or are not, fair and reasonable and as to its acceptance. The Independent Financial Adviser has been appointed by the Company after approval by the Independent Board Committee to advise the Independent Board Committee in respect of the Offers and in particular as to whether the Offers are, or are not, fair and reasonable and as to its acceptance.

It is the intention of the Offeror and the Board that the offer document and the offeree board circular be combined in a composite offer document. In accordance with Rule 8.2 of the Takeovers Code, the composite document containing, among other things: (i) details of the Offers (including the expected timetable); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offers; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Offers, together with the relevant form of acceptance and transfer, are required to be despatched to the Shareholders as soon as practicable within 21 days of the date of this announcement or such later date as the Executive may approve.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the issued Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 30 April 2012 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 20 June 2012.

Shareholders and investors are advised to exercise caution when dealing in the Shares during the offer period. If in any doubt, they are recommended to consult their professional advisers.

THE SALE AND PURCHASE AGREEMENT

Date: 27 April 2012

Parties: (i) Vendor: Sun Finance Company Limited, a company incorporated in Hong Kong with limited liability and the entire issued share capital of which are owned as to 47.5% by Eminent Crest Holdings Ltd. (“**Eminent Crest**”), 47.5% by Peak Stand Holdings Ltd. (“**Peak Stand**”) and 5% by Sheen Light Holdings Limited (“**Sheen Light**”). Eminent Crest is wholly owned by Mr. Chau Cheok Wa (“**Mr. Chau**”) and Peak Stand is wholly owned by Mr. Cheng Ting Kong (“**Mr. Cheng**”). Sheen Light is wholly owned by Mr. Lee Chi Shing Caesar (“**Mr. Lee**”). The background of the Vendor is set out in the section headed “Information on the Vendor”.

(ii) Purchaser: the Offeror, a company incorporated in the BVI with limited liability and the entire issued share capital of which are owned as to 50% by Mr. Chau and 50% by Mr. Cheng. The background of the Purchaser is set out in the section headed “Information on the Offeror”.

Sale Shares: 167,711,000 Shares, representing approximately 70.09% of the entire issued share capital of the Company as at the date of this announcement. The Sale Shares were acquired by the Purchaser free from all liens, charges or encumbrances together with all rights attaching thereto including but not limited to all dividends paid, declared or made in respect thereof on or after the date of the Sale and Purchase Agreement.

Consideration for the Sale Shares:

HK\$200,000,000 (equivalent to approximately HK\$1.1926 per Sale Share), which was determined after arm’s length negotiations between the Purchaser and the Vendor with reference to (i) the outstanding amount of HK\$200,000,000 under the Loan Agreement; (ii) the prevailing market price of the Shares; (iii) the investment costs of the Vendor; and (iv) audited consolidated net asset value per Share of the Group of approximately HK\$0.20 as at 31 December 2011 (which is the audited consolidated net asset value of the Group as at 31 December 2011 of approximately HK\$48,512,430 as disclosed in the annual report of the

Company for the year ended 31 December 2011 (the “**2011 Annual Report**”) divided by the total number of issued Shares of 239,289,000 (the “**NAV per Share**”) as at 27 April 2012, being the date of the Sale and Purchase Agreement.

The purchase price of approximately HK\$1.1926 per Sale Share under the Sale and Purchase Agreement represents:

- (i) a discount of approximately 15.42% to the closing price of HK\$1.41 per Share as quoted on the Stock Exchange on 27 April 2012, being the last full trading day prior to the suspension of trading in the Shares on 30 April 2012;
- (ii) a discount of approximately 13.58% to the average closing price of the Shares as quoted on the Stock Exchange for the last 5 consecutive full trading days prior to the suspension of trading in the Shares on 30 April 2012, being approximately HK\$1.38 per Share;
- (iii) a discount of approximately 38.84% to the average closing price of the Shares as quoted on the Stock Exchange for the last 30 consecutive full trading days prior to the suspension of trading in the Shares on 30 April 2012, being approximately HK\$1.95 per Share; and
- (iv) a premium of approximately 496.30% over the NAV per Share of approximately HK\$0.20 as at 31 December 2011.

THE SUPPLEMENTAL AGREEMENT

On 28 May 2012, the Purchaser and the Vendor entered into the Supplemental Agreement, pursuant to which both parties agreed to amend the payment manner of the consideration of HK\$200,000,000 for the Sale Shares.

The original terms of the Sale and Purchase Agreement which are subject to amendment are:

“3.1 The consideration for the sale and purchase of the Sale Shares shall be the sum of HK\$200,000,000 and shall be payable by the Purchaser to the Vendor in the manner provided in clause 4.3(3) or such other manner as may be agreed by the Purchaser and the Vendor.

4.3(3) the Purchaser shall deliver to the Vendor a banker’s draft or drafts issued by a licensed bank in Hong Kong for an amount equal to the consideration referred to in clause 3.1 and made payable to the Vendor may direct.”

It was agreed by the Vendor and the Purchaser under the Supplemental Agreement that the above terms would be amended to:

“3.1 The consideration for the sale and purchase of the Sale Shares shall be the sum of HK\$200,000,000 and shall be payable by the Purchaser (or its nominee) to the Vendor in the following manners:

- (a) as to HK\$100,000,000 by the Purchaser procuring Sino Harvest Investments Holdings Limited, a company owned by the shareholders of the Purchaser to transfer the relevant amount to the designated account bear by the Vendor in a licensed bank in Hong Kong on 18 May 2012; and*

(b) as to HK\$100,000,000 by setting off against part of the outstanding amount of shareholders' loan owed by the Vendor to each of Eminent Crest Holdings Limited, and Peak Stand Holdings Limited (which the shareholders of the Purchasers are ultimate beneficial owners) immediately upon Completion.

4.3(3) *Intentionally Deleted.*”

The consideration for the Sale Shares under the Sale and Purchase Agreement was fully settled on 18 May 2012.

Completion:

The Completion has taken place immediately upon signing of the Sale and Purchase Agreement on 27 April 2012.

UNCONDITIONAL MANDATORY CASH OFFERS

As at the date of this announcement, the Purchaser and parties acting in concert with it own 167,711,000 Shares, representing approximately 70.09% of the entire issued share capital of the Company. In accordance with Rule 26.1(a) of the Takeovers Code, the Purchaser is required to make the Share Offer for all the issued Shares (other than those Shares already owned by the Purchaser and parties acting in concert with it). Pursuant to Rule 13 of the Takeovers Code, the Purchaser is also required to make a comparable offer for the Warrants.

SBI E2 will, for and on behalf of the Purchaser, make the Offers on the following terms:

THE SHARE OFFER

For each Offer Share HK\$1.4907 in cash

THE WARRANT OFFER

For each Warrant HK\$0.01 in cash

The Share Offer Price is determined with reference to the principal sum of the Loan of HK\$250,000,000 divided by 167,711,000 Shares.

The Share Offer Price of approximately HK\$1.4907 per Offer Share represents:

- (i) a premium of approximately 5.72% over the closing price of HK\$1.41 per Share as quoted on the Stock Exchange on 27 April 2012, being the last full trading day prior to the suspension of trading in the Shares on 30 April 2012;
- (ii) a premium of approximately 8.02% over the average closing price of the Shares as quoted on the Stock Exchange for the last 5 consecutive full trading days prior to the suspension of trading in the Shares on 30 April 2012, being approximately HK\$1.38 per Share;
- (iii) a discount of approximately 23.55% to the average closing price of the Shares as quoted on the Stock Exchange for the last 30 consecutive full trading days prior to the suspension of trading in the Shares on 30 April 2012, being approximately HK\$1.95 per Share; and
- (iv) a premium of approximately 645.35% over the NAV per Share of approximately HK\$0.20 as at 31 December 2011.

Save for the 239,289,000 Shares in issue and the 18,000,000 Warrants, there are no outstanding securities, share options, warrants, derivatives or convertibles which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into the Shares.

The Offeror offers to pay HK\$0.01 in cash in respect of each Warrant in consideration of the surrender by the holders of the Warrants of all their rights in respect of such Warrants. As the exercise price of the Warrants of HK\$1.92 per Share is higher than the Share Offer Price of HK\$1.4907, the price for the Warrant Offer will be made only at a nominal value of HK\$0.01.

Total consideration

As at the date of this announcement, there are 239,289,000 Shares in issue and 18,000,000 Warrants. Based on the Share Offer Price of HK\$1.4907 per Offer Share, the entire issued share capital of the Company is valued at approximately HK\$356.71 million and the 71,578,000 Offer Shares under the Share Offer are valued at approximately HK\$106.70 million. Assuming that all 18,000,000 Warrants tendered at a price of HK\$0.01 per Warrant, the 18,000,000 Warrants under the Warrant Offer are valued at HK\$180,000. Assuming that the subscription rights attaching to the 18,000,000 Warrants were exercised in full by the holders of the Warrants and converted into 18,000,000 Shares and all the holders of such 18,000,000 Shares fully accept the Share Offer, the value of the 18,000,000 Share concerned is approximately HK\$26.83 million. As such, the total consideration payable by the Offeror under the Share Offer will be approximately HK\$133.53 million.

Confirmation of Financial Resources

Messis Capital, the financial adviser to the Offeror, is satisfied that there are sufficient financial resources available to the Offeror to satisfy the amount of funds required to meet the full acceptance of the Offers.

Other arrangements

As at the date of this announcement,

- (i) Save for 167,711,000 Shares owned by the Offeror and parties acting in concert with it, neither the Offeror nor any party acting in concert with it holds or has control or direction over any Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (ii) save for the Loan Agreement, the Share Charge and the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement), neither the Offeror nor any party acting in concert with it has acquired any voting rights in the Company during the 6-month period immediately prior the date of this announcement;
- (iii) neither the Offeror nor any party acting in concert with it has borrowed or lent any Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (iv) neither the Offeror nor any party acting in concert with it has received any irrevocable commitment to accept or reject the Offers;

- (v) there is no outstanding derivative in respect of the Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company entered into by the Offeror or any party acting in concert with it;
- (vi) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror which might be material to the Offers; and
- (vii) there is no agreement or arrangement to which the Offeror is a party, which relates to the circumstances in which it may or may not invoke or seek to invoke a precondition or a condition to the Offers.

Effect of accepting the Offers

The Offers to be made will be unconditional in all respects. By accepting the Offers, the Shareholders will sell their Shares to the Offeror free from all liens, claims and encumbrances and together with all rights attaching to the Shares as at the date of closing of the Offers, including the rights to receive all dividends and distribution declared, made or paid, if any, on or after the Completion Date.

Stamp duty

In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offers will be payable by the relevant Shareholders at a rate of 0.1% of: (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offers, whichever is higher, and will be deducted from the cash amount payable by the Offeror to the relevant Shareholders on behalf of the relevant Shareholders on acceptance of the Offers. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Shareholders accepting the Offers and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offers and the transfers of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Payment

Payment in cash in respect of acceptances of the Offers will be made as soon as possible but in any event within 7 Business Days following the receipt of the relevant documents of title and completed acceptance form(s) to render each such acceptance complete and valid pursuant to Note 1 to Rule 30.2 of the Takeovers Code.

Overseas Shareholders

Shareholders who have registered addresses outside Hong Kong and wish to accept the Offers should satisfy themselves as to the full observance of the applicable laws and regulations of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer of other taxes due by such accepting Shareholders in respect of such jurisdiction) and where necessary seek legal advice.

Any acceptance by any Shareholder will be deemed to constitute a representation and warranty from such Shareholder to the Offeror that the applicable laws and regulations have been complied with and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. The Shareholders should consult their professional advisers if in doubt.

INFORMATION ON THE VENDOR

The Vendor is a company incorporated in Hong Kong with limited liability and the entire issued share capital of which are owned as to 47.5% by Eminent Crest, 47.5% by Peak Stand and 5% by Sheen Light. Eminent Crest is wholly owned by Mr. Chau and Peak Stand is wholly owned by Mr. Cheng. Sheen Light is wholly owned by Mr. Lee. The Vendor is a licensed money lender under the laws of Hong Kong. Pursuant to the Loan Agreement, the Vendor had made available to the Borrower a loan in the principal sum of HK\$250,000,000 (the “**Loan**”). By a share charge (the “**Share Charge**”) dated 21 September 2011 entered into between the Borrower and the Vendor, the Borrower as beneficial owner has charged in favour of the Vendor by way of first fixed charge the 167,711,000 Shares beneficially owned by the Borrower and all rights and interests of the Borrower in the said 167,711,000 Shares or which may accrue in respect of the said 167,711,000 Shares (the “**Charged Securities**”) as security for repayment of the Loan, interest accrued thereon and other amount payable under the Loan Agreement. Pursuant to the Loan Agreement, if the Borrower defaults in repayment on the due date of any part of the Loan, interest and other amounts payable under the Loan Agreement, the Vendor shall be entitled to a default interest at the rate which is 2% per month in addition to the original interest rate of 3.8% per month.

The repayment of HK\$50,000,000 and interest accrued was made by the Borrower to the Vendor by cheque on 23 April 2012. An event of default has occurred on 21 March 2012 when the Loan and the outstanding amount of the interests accrued under the Loan Agreement was fallen due and the Borrower failed to repay such amount and as at the date of the Sale and Purchase Agreement, the outstanding amount owed by the Borrower to the Vendor under the Loan Agreement amounted to HK\$200,000,000. The security created under the Share Charge has become enforceable against the Charged Securities in accordance with the provisions of the Share Charge. Pursuant to the Share Charge, the Vendor may exercise all rights and enjoy all benefits attaching to the Charged Securities as if it were a sole beneficial owner thereof under the Share Charge including but not limited to dispose of or appropriate to the Vendor’s own use and benefit the Charged Securities or any part thereof by such method, upon such terms and for such consideration as the Vendor may in its absolute discretion determine. Furthermore, the Borrower has irrevocably appointed the Vendor to be its attorneys and in its name and on its behalf to sign, seal and deliver or otherwise execute and do all such assurances, deeds, acts, documents and things which, in the opinion of the Vendor for the purpose of giving the Vendor, as lender full benefit of the Share Charge and the security created thereunder.

As such, on 27 April 2012, the Vendor exercised its rights under the Share Charge to dispose of the Charged Securities at the discretion of the Vendor for recovery of the outstanding amount of HK\$200,000,000 and according to the Share Charge, all monies received in respect of the disposition of the Charged Securities arising out of the exercise by the Vendor of its power shall be applied in or towards payment of the outstanding amount in such order as the Vendor deems fit, and as a result, the Loan Agreement was fully settled on that 27 April 2012.

INFORMATION ON THE GROUP

The Company is an investment holding company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the business of manufacturing and selling of furnishings and home products.

According to the 2011 Annual Report, the Group reported audited net profit before and after taxation of approximately HK\$32.35 million and HK\$18.37 million respectively for the financial year ended 31 December 2010. For the financial year ended 31 December 2011, the Group reported audited net profit before and after taxation of approximately HK\$23.45 million and HK\$18.25 million respectively. The audited net asset value of the Group as at 31 December 2011 was approximately HK\$48.51 million.

The Completion has taken place immediately upon signing of the Sale and Purchase Agreement on 27 April 2012 and the Company has become an indirect 70.09% owned subsidiary of the Purchaser and the financial results of the Group will be consolidated with the financial results of the Purchaser.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the BVI with limited liability and the entire issued share capital of which are owned as to 50% by Mr. Chau and 50% by Mr. Cheng. Mr. Chau and Mr. Cheng are also the directors of the Offeror. The principal activity of the Offeror is investment holding. The biographical details of Mr. Chau and Mr. Cheng are set out as follows:

Mr. Chau Cheok Wa, aged 38, was born in the Macao Special Administrative Region of the PRC (“Macao”) and is a Portuguese national. He received his education in Macao and has since then engaged in the business of operating and managing V.I.P. clubs, in which he has over ten years of experience, at the entertainment V.I.P. clubs at hotels in Macao. Under Mr. Chau’s leadership, the number of entertainment V.I.P. clubs managed by Mr. Chau has soared from one to ten in the last five years, eight of which are at the five-star hotels in Macao including StarWorld Hotel Macau, Venetian Macao Resort Hotel, Grand Lisboa Macau, Wynn Macau (three V.I.P. clubs) and MGM Grand Macau; and one of which is at the entertainment V.I.P. club of the world-renowned Walker Hill in Seoul, the capital of the South Korea. Mr. Chau is currently an executive director and the chairman of Sun Century Group Limited (formerly known as Hong Long Holdings Limited) (Stock Code: 1383) (“**Sun Century Group**”), a company listed on the Main Board of the Stock Exchange and Sun International Resources Limited (formerly known as Sun International Group Limited) (Stock Code: 8029) (“**Sun International**”), a company listed on the Growth Enterprise Market of the Stock Exchange. Mr. Chau is also a Committee Member of China Overseas Friendship Association (中華海外聯誼會).

Mr. Cheng Ting Kong, aged 37, is the senior manager of Sun International from 1 February 2012. Mr. Cheng has extensive experience in corporate management and investment.

As at the date of this announcement, the Offeror and parties acting in concert with it own 167,711,000 Shares, representing approximately 70.09% of the entire issued share capital of the Company.

The following table summarizes the shareholding structure of the Company (i) as at the date of this announcement and (ii) assuming exercise in full of the subscription rights attaching to the Warrants:

Shareholders	As at the date of this announcement		Assume exercise in full of the subscription rights attaching to the Warrant	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Offeror and parties acting in concert with it	167,711,000	70.09	167,711,000	65.18
Holder of the Warrants	—	—	18,000,000	7.00
Other public Shareholders	<u>71,578,000</u>	<u>29.91</u>	<u>71,578,000</u>	<u>27.82</u>
Total	<u>239,289,000</u>	<u>100.00</u>	<u>257,289,000</u>	<u>100.00</u>

OFFEROR'S INTENTION ON THE GROUP

At the annual general meeting (the “AGM”) of the Company held on 14 May 2012, each of Mr. He Xianmei and Mr. Niu Jinsheng, being eligible and offered for re-election but the respective resolutions in relation to their re-election were not passed by the shareholders of the Company as ordinary resolutions, has retired by rotation as Directors in accordance with the articles of association of the Company at the conclusion of the AGM. The Offeror and parties acting in concert with it has abstained from voting for the ordinary resolutions proposed at the AGM as per Rule 26.4 of the Takeover Codes. Pursuant to Rule 7 of the Takeovers Code, the Directors should not resign until the first closing date of the offer, or the date when the offer becomes or is declared unconditional, or shareholders have voted on the waiver of a general offer obligation under Note 1 on dispensations from Rule 26, whichever is the later. However, considering that the change of the Directors are not arising from resignation out of their own initiatives but only as a result of retirement by rotation in accordance with the articles of association of the Company, the Company has applied to the Executive for a waiver from strict compliance with the requirements of Rule 7 of the Takeovers Code. In addition, the Offeror intends to continue the existing business of the Group and has no intention to introduce any major changes to the existing operations and business of the Group. The Offeror has no intention to discontinue the employment of the employees (save for a change in the composition of the Board) or to dispose of or redeploy the assets of the Group other than those in its ordinary course of business.

The Offeror intends to nominate Mr. Chau, Mr. Cheng and Ms. Yeung So Lai (“**Ms. Yeung**”) to the Board upon the despatch of the composite offer document relating to the Offers. In addition, the Offeror is in the process of identifying other suitable candidate(s) as Director(s). Any changes to the Board will be made in full compliance with the requirements pursuant to the Takeovers Code and the Listing Rules and further announcements will be made as and when appropriate. The biographical details of the Ms. Yeung is set out as follows:

Ms. Yeung, aged 34, is presently a director of a number of private companies engaged in the business of bird’s nest trading and investment holding. Ms. Yeung is experienced in corporate management. Ms. Yeung is currently an executive director of Sun Century Group and Sun International.

MAINTENANCE OF THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offers and will undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offers to ensure that a sufficient public float exists for the Shares.

The Stock Exchange has stated that if, upon the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25%, of the issued Shares are held by the public or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the Shares.

DEALING DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, associates (as defined under the Takeovers Code) of the Company and the Offeror (including persons who own or control 5% or more of any class of relevant securities issued by the Company or the Offeror) are hereby reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the Offers are, or are not, fair and reasonable and as to its acceptance. The Independent Financial Adviser has been appointed by the Company after approval by the Independent Board Committee to advise the Independent Board Committee in respect of the Offers and in particular as to whether the Offers are, or are not, fair and reasonable and as to its acceptance.

It is the intention of the Offeror and the Board that the offer document and the offeree board circular be combined in a composite offer document. In accordance with Rule 8.2 of the Takeovers Code, the composite document containing, among other things: (i) details of the Offers (including the expected timetable); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offers; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Offers, together with the relevant form of acceptance and transfer, are required to be despatched to the Shareholders as soon as practicable within 21 days of the date of this announcement or such later date as the Executive may approve.

Shareholders and investors are advised to exercise caution when dealing in the Shares during the offer period. If in any doubt, they are recommended to consult their professional advisers.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the issued Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 30 April 2012 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 20 June 2012.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Board”	the board of Directors
“Borrower”	Bounty Wealth Limited, a company incorporated in the BVI with limited liability and the entire issued share capital of which is wholly owned by Mr. Cheong Jose Vai Chi (張偉智), the then controlling Shareholder of the Company as at the date of the Loan Agreement
“Business Day”	any day (other than Saturday, Sunday and public holiday) on which normal commercial banks in Hong Kong are generally open for ordinary banking business throughout their normal business hours
“BVI”	British Virgin Islands
“Company”	JF Household Furnishings Limited (Stock Code: 776), a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Stock Exchange
“Completion”	completion of the Sale and Purchase Agreement
“Completion Date”	the date of Completion, being 27 April 2012
“Directors”	the directors of the Company
“Executive”	means the Executive Director of the Corporate Finance Division of the SFC and any of its delegates

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, established to give recommendation to the Independent Shareholders regarding the terms of the Offers
“Independent Financial Adviser”	Grand Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited (stock code: 8340), a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to advise the Independent Board Committee in respect of the Offers
“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement entered into between the Borrower and the Vendor on 21 September 2011
“Messis Capital”	Messis Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, the financial adviser to the Offeror in respect of the Offers
“Offer Share(s)”	issued Share(s) other than those already owned by the Offeror and parties acting in concert with it
“Offers”	the Share Offer and the Warrant Offer
“Purchaser” or “Offeror”	Power Ocean Holdings Limited, a company incorporated in the BVI with limited liability and the entire issued share capital of which are owned as to 50% by Mr. Chau and 50% by Mr. Cheng
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Purchaser and the Vendor on 27 April 2012
“Sale Shares”	the legal and beneficial interests of 167,711,000 Shares, representing 70.09% of the entire issued share capital of the Company being charged to the Vendor pursuant to the Share Charge prior to the Completion
“SBI E2”	SBI E2-Capital (HK) Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
“SFC”	the Securities and Futures Commission of Hong Kong

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	existing ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Offer”	the unconditional mandatory cash offer to be made by SBI E2 for and on behalf of the Offeror for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code
“Share Offer Price”	the price at which the Share Offer will be made, being HK\$1.4907 per Offer Share
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement to the Sale and Purchase Agreement entered into between the Purchaser and the Vendor on 28 May 2012
“Takeovers Code”	the Code on Takeovers and Mergers
“Vendor”	Sun Finance Company Limited, a company incorporated in Hong Kong with limited liability
“Warrant(s)”	the warrant(s) issued by the Company on 16 February 2012 by way of placing, each entitled the holder to subscribe for one new Share, at any time during a period of 18 months commencing from the date of issue, at a subscription price of HK\$1.92 per Share
“Warrant Offer”	the unconditional mandatory cash offer to be made by SBI E2 for and on behalf of the Offeror for all outstanding Warrants in accordance with the Takeovers Code
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the board of directors of
Power Ocean Holdings Limited
Chau Cheok Wa
Director

By Order of the Board
JF Household Furnishings Limited
Zhang Qian
Chairman

R2.14

Hong Kong, 19 June 2012

As at the date of this announcement, the Board comprises Ms. Zhang Qian, Mr. Leung Kwok Yin and Mr. Leung Kwok Pong as executive Directors and Dr. Liu Yongping, Mr. Wu Chi Keung and Mr. Wong Siyong as independent non-executive Directors.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than the information relating to the Offeror and the Vendor, and parties acting in concert with each of them), and confirm, having made all

reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Offeror and the Vendor, and parties acting in concert with each of them) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement contained in this announcement misleading.

As at the date of this announcement, the directors of the Offeror are Mr. Chau Cheok Wa and Mr. Cheng Ting Kong.

All the directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than the information relating to the Group), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any such statement contained in this announcement misleading.