JLF INVESTMENT COMPANY LIMITED

金六福投資有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 472)

Interim results announcement for the six months ended 30 June 2008

The board (the "**Board**") of directors (the "**Directors**") of JLF Investment Company Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (together the "**Group**") for the six months ended 30 June 2008, together with the comparative results for the previous period as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2008	2007
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Turnover	*2*	**48,166**	41,216
Cost of sales		**(22,761)**	(20,895)
Gross profit		**25,405**	20,321
Other revenue		**1,621**	1,276
Selling and distribution costs		**(6,193)**	(6,626)
Administrative expenses		**(10,466)**	(6,304)
Profit from operations		**10,367**	8,667
Finance costs		**(1,375)**	(986)
Profit before taxation and minority interests		**8,992**	7,681
Taxation	*3*	**(1,153)**	(161)
Profit for the period		**7,839**	7,520

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2008	2007
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Attributable to:			
Equity holders of the Company		**6,281**	4,145
Minority interests		**1,558**	3,375
		7,839	7,520
Profit per share attributable to the equity holders of the Company during the period (expressed in HK cents)			
Basic	*4*	**0.48 cents**	0.36 cents
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**As at 30 June 2008 (Unaudited) *HK$'000***	As at 31 December 2007 (Audited) *HK$'000*
ASSETS			
Non-current assets			
Land use rights		**5,338**	5,338
Property, plant and equipment		**131,255**	71,718
Intangible assets		**13,227**	12,126
Goodwill	*5*	**127,826**	10,924
		277,646	100,106
Current assets			
Inventories		**89,486**	50,649
Trade receivables		**11,172**	15,226
Prepayment, deposit and other receivables		**29,320**	7,933
Amount due from related parties		**–**	61,935
Amount due from immediate holding company		**–**	2,630
Bank balances and cash		**113,749**	115,345
		243,727	253,718
Total assets		**521,373**	353,824

CONDENSED CONSOLIDATED BALANCE SHEET

	As at 30 June 2008 (Unaudited) *HK$'000*	As at 31 December 2007 (Audited) *HK$'000*
EQUITY		
Capital and reserve attributable the Company's Equity shareholders		
Share Capital	**13,904**	12,193
Reserves	**314,196**	142,493
Proposed final dividend	**13,904**	13,904
	342,004	168,590
Minority interests	**27,802**	58,220
	369,806	226,810
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	**2,884**	2,884
	2,884	2,884
Current liabilities		
Trade payables	**24,439**	21,071
Accruals, deposit received and other payables	**99,710**	54,631
Amounts due to related parties	**–**	5,760
Bank borrowings and overdraft – secured due within one year	**24,534**	42,668
	148,683	124,130
Total liabilities	**151,567**	127,014
Total equity and liabilities	**521,373**	353,824
Net current assets	**95,044**	129,588
Total assets less current liabilities	**372,690**	229,694

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Hong Kong Accounting Standard ("HKAS") 34: Interim Financial Reporting standards and other relevant HKASs and Interpretations and the Hong Kong Financial Reporting standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities, which are carried at fair value.

The accounting policies are adopted consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007.

During the period, the Group has applied, for the first time, a number of new or revised HKASs, HKFRSs, amendments and interpretations ("INTs") (hereinafter collectively referred to as "New HKFRSs") issued by the HKICPA, which are effective for the Group's accounting periods beginning on 1 January 2008. The adoption of the New HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The HKICPA has also issued the following New HKFRSs that are not yet effective:

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 & 1 (Amendments)	Puttable Financial Concernments and Obligations Arising on Liquidation[1]
HKFRS 2 (Revised)	Vesting Conditions and Cancellation[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8 (Revised)	Operating Segments[1]
HK(IFRIC) – INT 13	Customer Loyalty Programmes[3]

1 Effective for annual periods beginning on or after 1 January 2009.
2 Effective for annual periods beginning on or after 1 July 2009.
3 Effective for annual periods beginning on or after 1 July 2008.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period on or after 1 July 2009. HKAS 27 (Revised) will not affect the accounting treatment for changes in the parent's interest in a subsidiary due to a loss of control, which will be accounted for as equity transactions.

The directors of the Company anticipate that the application of these standards, or amendments will have no material impact on the financial statements of the Company.

The unaudited condensed interim financial statements have been reviewed by the audit committee of the Company and were approved by the board of directors on 27 August 2008.

2. TURNOVER

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Production and distribution of wine	**48,166**	41,216

3. TAXATION

Hong Kong Profits Tax

Hong Kong profits tax is calculated at the rate of 17.5% for the three months period ended 31 March 2008 and 16.5% for the three months period ended 30 June 2008 (2007: 17.5%) on the estimated assessable profits for the respective periods. No provision for Hong Kong profits tax was made for the period ended 30 June 2008 (2007: Nil) as the Company and its subsidiaries had no assessable profit during the period.

No provision for deferred tax has been made in respect of accelerated capital allowances as the Directors consider that a tax liability is not expected to crystallize in the foreseeable future (2007: Nil).

The PRC Income Tax

Pursuant to開國稅發2006 27號文件issued by the PRC tax bureau, the Shangri-la Winery Company Limited is entitled to an exemption from the PRC enterprise income tax for the period from 1 January 2006 to 31 December 2007 and a 50% reduction for the next consecutive three years (the "Tax Exemption Period") under the relevant tax rules and regulations in the PRC.

Shangeli-la Qinghuangdao being a foreign investment enterprise established in the Coastal Open Economics Region of Qinghuangdao, the PRC, which is subject to preferential enterprise income tax rate of 24% and is entitled to full exemption from the PRC enterprise income tax for two years starting from its first profit-making year and a 50% reduction for the next consecutive three years under the relevant applicable to foreign investment enterprise in the PRC. Guangzhou Zangji is subject to the PRC enterprise income tax rate of 33% based on the assessable profit arising for the year. Both Shangeli-la Qinghuangdao and Guangzhou Zangji have been reported loss since their establishment. Xiamen Zanmi Winery Limited廈門藏秘酒業有限公司is subject to the PRC enterprise income tax rate of 14% based on the assessable profit arising for the year. Shangri-la Zanmi is subject to the PRC enterprise income tax rate of 25% based on the assessable profit arising for the year.

4. EARNINGS PER SHARE

The calculation of the basic profit per share is based on the profit attributable to shareholders of HK$6,281,000 (six months ended 30 June 2007: profit of HK$4,145,000) and on 1,304,853,455 weighted average shares in issue during the period (period from 1 January 2007 to 30 June 2007: 1,149,263,455).

There were no potentially dilutive shares in existence as at 30 June 2008 and 30 June 2007, and, accordingly, no diluted profit per share has been presented.

5. GOODWILL

	HK$'000 (Unaudited)
Cost	
At 31 December 2007, 1 January 2008 and at 30 June 2008	10,924
Additions	116,902
At 30 June 2008	127,826
Impairment	
At 31 December 2007, 1 January 2008 and at 30 June 2008	-
Carrying amount	
At 30 June 2008	**127,826**
At 31 December 2007	10,924

INTERIM DIVIDEND

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2008 (No interim dividend was recommended or paid for the six months ended 30 June 2007).

PLEDGE OF ASSETS

As at 30 June 2008, certain of the Group's land and buildings and production facilities with book value of HK$36.7 million (31 December 2007: HK$34 million), were pledged to China Agriculture Development Bank – Diqing Branch (中國農業發展銀行迪慶藏族自治州分行) to secure a HK$25 million banking facilities granted to the Group.

FINANCIAL REVIEW

Turnover and Sales Proceeds

For the six-month period ended 30 June 2008, turnover and net profit of the Group were approximately HK$48 million and HK$7.8 million respectively, representing an increase of 17% and 4.2% respectively.

The total assets of the Group as at 30 June 2008 was approximately HK$521 million representing an increase of 47%. Total liabilities of the Group were approximately HK$152 million representing an increase of 19%. The major liabilities of the Group were bank borrowing. Working capital of the Group was mainly financed by bank borrowing and reserves of approximately HK$339 million. Taking into account of the existing financial resources, the Group has adequate financial resources to meet its ongoing operating and development requirements.

Other than the bank loans mentioned at the "Subsequent Event" of the "Notes to the condensed consolidated financial statements", there was no interest-bearing borrowing as at 30 June 2008. The gearing ratio of the Group was 164%.

The Group had no formal treasury policy and did not enter into any form of financial arrangement for hedging during the period. As the transactions, including the revenues and expenses entered into by the Group's main operation subsidiaries were denominated in RMB, the exposure to foreign exchange risk is minimal. Therefore, no formal foreign exchange risk management policy was adopted by the Group.

Save and except for the acquisition of Heilongjiang YuQuan, the Group had no significant investment, acquisition and disposal for the period ended 30 June 2008.

REVIEW OF OPERATION AND PROSPECTS

Head started by a number of calamitous natural disasters in the southern provinces, the first half of 2008 year was not set off all that well for China. Demand for resources and daily products in the affected provinces dragged the country's material price higher. In order to cope with the already high inflation pressure, China strengthened its tightened macro-economic policies. The market situation was worsen by the US sub-prime crisis which swipe across the world like a gust economic tornado. Since the Group mainly operates in the domestic market, the economic development of which substantially affected the Group's performance for the period.

In the face of such complex operating environment, during the first half of the year, we have actively tackled the unfavorable factors to maintain our growth momentum. This included taking the initiative in recovering business caused by the natural disasters, manage cost pressure driven by inflation and making major strategic acquisition.

Post Natural Disasters Recovery

Though the natural disasters did not do much damage to our production facilities, it has put a halt to our logistic system, especially in southern China regions such as Sichuan, Hunan, Yunnan etc. Special task forces were formulated to resume the logistic network promptly to minimize loss in business and to assist our regional distributors in reaching retail shops.

Managing cost pressure

Inflation pressure continues to put real cost pressure on our manufacturing cost. Other than labour costs we have seen significant pressure from costs such as agricultural raw materials, packaging and transportation. Being the highest portion of cost of sales, the cost pressure from agricultural raw materials is enormous. The prices of packaging materials had been rising in accordance with inflation. In order to manage the cost pressure, we have become more cost conscious and usually take the lowest cost from market offerings. The increase in oil price dragged up our transportation costs, as such, we have to widen our delivery channels and use more railway and sea freights to alleviate the surge in transportation costs. Though the new Labour Law in China did have some impact, the effect was minimal as we always comply with the required regulations; our productions are not labour intensive and are located at regions where labour supplies are abundant.

During the period, we have shifted our product mix to put more emphasis on premium products. We also re-design the packaging and raised our product prices gradually. Besides, we have launched new Shangri-La grape wine series which includes the “Shangri-la Plateau Grape wine” (“高原葡萄酒”) and the white wine series of the “Sounds of Nature” (天籟乾白). The Shangri-la Plateau series was a join initiation between the Company and the Diqing County of Diqing Tibetan Autonomous Prefecture (廸慶藏族自治州) The Company is promoting this product as the wine from the world’s highest vineyard and to enrich the green connotations of Shangri-la wine brand.

As a result of inflation, rising price of agricultural products is inevitable. But by enhancing our premium product mix, launching new value-added products, raising product prices and boosting production efficiency we are able to manage the cost pressure.

Recent consumption trend tends to support our anticipation. In particular, the mid- to high-end product segment remains strong. The market demand is upgrading driven by increasing personal income. We are convinced that demand will hold up even as the cost of living rise. We believe that rising incomes will continue to encourage consumers to upgrade to value-added and higher-quality products.

Acquisition

The Group has continued to pursue its acquisition strategy to expedite growth, widening its product offer and market geographical diversification. With that, we have made a major acquisition during the period in Heilongjiang Province.

On 2 May 2008, Shangri-la Winery Company Limited (a subsidiary of which the Company has 95% equity interest) ("Shangri-la Winery") and Song Tao as joint venture partners entered into a sale and purchase agreement with a group of individual vendors in the PRC for the purpose of acquiring 100% equity interest in Heilongjiang Province Yu Quan Winery Company Limited ("Heilongjiang YuQuan") ("黑龍江省玉泉酒業有限公司"). Yu Quan Investment Company Limited ("YuQuan Investment") was therefore established by Shangri-la Winery and Song Tao on 28 May 2008 for this purpose. YuQuan Investment has a registered capital of RMB10,000,000 which are contributed and owned as to 70% by Shangri-La Winery and 30% by Song Tao. The total acquisition consideration was RMB120,000,000 (equivalent to approximately HK$133,740,000).

The principal business of Heilongjiang YuQuan is the production, sales and marketing of its own label, YuQuan Chinese white wine in the northern part of China. YuQuan is one of the oldest Chinese wine producers in the region and has won several major awards including the best Chinese wine in its own category. Prior to completion, Heilongjiang YuQuan has acquired the entire equity interests in Harbin Xinlong Winery Company Limited (哈爾濱市鑫龍酒業有限公司#) and Acheng City Longcheng Winery Company Limited (阿城市龍神酒業有限責任公司#) and a land interest located at Qianjin Wei, Henan Street, Yuquan Town, Acheng District, Harbin, Heilongjiang Province, PRC (中國黑龍江省哈爾濱阿城區玉泉鎮河南街前進委#).

The acquisition will combine the existing business of our Group with Heilongjiang YuQuan of which synergetic effects arising from sharing of client bases, expansion of distribution networks, and reduction of costs by economies of scale are expected to be resulted. Cross products selling will further enhance overall turnover and profitability. In fact, part of the financial benefit has already been reflected in this financial period under review.

This acquisition will significantly strengthen the Group's presence in the Chinese white wine market and will establish the Group as the leading Chinese white wine supplier in the northern China. Ms. Zhang Qing-yi (張慶義), who is currently the General Manager of Heilongjiang YuQuan, will remain as a director of Heilongjiang YuQuan. Details of the acquisition can be found in the announcement and the Circular issued by the Company dated 6 May 2008 and 18 June 2008 respectively.

We are consolidating the back offices of these acquired companies for integration into the Group's under proper internal control and management systems.

Prospects

Looking ahead to the second half of 2008, the fundamentals of the Chinese economy are sound and the macro-economic control measures will become more flexible. However, with the woes of the U.S. sub-prime problem yet to dissipate, worldwide economic growth slowing down and the global inflation rising, there will be potential pressure on slowing down the growth of the Chinese economy.

Despite all the uncertainties, China still remained one of the fastest-growing economies in the world achieving 10.4% growth in GDP during the period under review. Rising income level and domestic consumption continued to fuel the growth in the retail sector. The burgeoning middle class and increasing number of high net worth individuals continued to drive up demand.

In the second half of the year, our business will continue to implement growth strategy, enhancing the productivity and cost control in order to achieve our goal. For the acquired business, risk management and control will be strengthened. Meanwhile, the Company will continue to expand the breadth and depth of cross-selling, ensuring that our synergies will be fully maximized.

Due to the impact of the subprime issue in the U.S., investor confidence has been adversely affected leaded to deep correction of worldwide stock markets. Our Company's share price also experienced significant fluctuation. However, the Company's fundamentals remain sound, and we believe that strong growth will still continue to be recorded. Traditionally, the Group will record more business in second half of the year due to festival drivers. Taking into consideration the Beijing Olympic effect, we are confident that the Group will achieve its revenue and profit targets. Our dream of becoming one of China's main wine merchants can only be realized through brand awareness and the ability to maintain sustainable growth. In this sense, we are fully confident in our Company's long-term investment value.

We firmly believe that our Company is ready for all kinds of challenges lying ahead, and each of our businesses will strive to achieve "sustainable, valuable and superior" growth in order to deliver long-term sustainable value to our clients, shareholders and society.

LIQUIDITY AND FINANCIAL INFORMATION

As at 30 June 2008, the Group's total borrowings amounted to approximately HK$25 million and cash, bank balances and deposits amounted to approximately HK$114 million. The Group's current ratio was 164% and gearing ratio which is expressed as a ratio of total bank liabilities to total assets was 4.7%.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group had no significant exposure to foreign exchange fluctuation.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES

Save for the events that are mentioned in the sub-section headed "Acquisition" under "Review of Operation and Prospects" on page 17, during the accounting period, there was no material acquisition or disposal of the Company's subsidiaries and associates.

EMPLOYEE INFORMATION

Total number of staff members was 730 as at 30 June 2008. The Directors believe that the quality of its employees is the most important factor in sustaining the Group's growth and improving its cost effectiveness. The Group's emolument policies are formulated on the performance of individual employees and are reviewed annually. The Group also provides medical insurance, and provident fund scheme (as the case may be) to its employees depending on the location of such employees.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period ended 30 June 2008.

CORPORATE GOVERNANCE

The Board of Directors and management are committed to principles of good corporate governance consistent with prudent enhancement and management of shareholder value. These principles emphasize transparency, accountability and independence. In order to reinforce independence, accountability and responsibility, the role of the Group Chairman is separate from that of the Group Managing Director. Their respective responsibilities are clearly established and defined by the Board.

Corporate governance practices adopted by the Company during the six-month period to 30 June 2008 are in line with those practices set out in the Company's 2007 Annual Report.

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with the applicable code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the period ended 30 June 2008.

AUDIT COMMITTEE

The Audit Committee met two times to date in 2008 (with a 100% attendance rate) to review with senior management and the Company's internal and external auditors, the Group's significant internal controls and financial matters as set out in the Committee's written terms of reference. The Committee's review covers the audit plans and findings of internal and external auditors, external auditor's independence, the Group's accounting principles and practices, listing rules and statutory compliance, internal controls, risk management and financial reporting matters.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and the unaudited interim financial report for the six months ended 30 June 2008. The Audit Committee comprises the four Independent Non-executive Directors, namely Mr. Ting Leung Huel, Stephen, Mr. Ma Yong, Mr. E Meng and Mr. Cao Kuangyu.

By order of the Board
Wu Xiang Dong
Executive Director, Chairman

Hong Kong, 27 August 2008

As at the date of this announcement, the Board comprised Mr. Wu Xiang Dong, Mr. Sun Jian Xin, Mr. Lu Tong, Mr. Shu Shi Ping, and Mr. Zhang Jian as executive Directors, and Mr. Ting Leung Huel, Stephen, Mr. Ma Yong, Mr. Cao Kuang Yu and Mr. E Meng as independent non-executive Directors.

* *for identification purposes only*