金六福投資有限公司*

JLF Investment Company Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 472)

Interim results announcement for the six months ended 30 June 2009

The board (the "**Board**") of directors (the "**Directors**") of JLF Investment Company Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (together the "**Group**") for the six months ended 30 June 2009, together with the comparative results for the previous period as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2009	2008
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Turnover	*2*	**86,388**	48,166
Cost of sales		**(40,510)**	(22,761)
Gross profit		**45,878**	25,405
Other revenue		**1,019**	1,621
Selling and distribution costs		**(18,050)**	(6,193)
Administrative expenses		**(12,923)**	(10,466)
Profit from operations		**15,924**	10,367
Finance costs		**(2,096)**	(1,375)
Profit before taxation and minority interests		**13,828**	8,992
Taxation	*4*	**(3,927)**	(1,153)
Profit for the period		**9,901**	7,839

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2009	2008
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Attributable to:			
Equity holders of the Company		**8,666**	6,281
Minority interests		**1,235**	1,558
		9,901	7,839
Earnings per share attributable to the equity holders of the Company during the period (expressed in HK cents)			
Basic and diluted	*5*	**0.62 cents**	0.48 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period	**9,901**	7,839
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**1,132**	4,514
Total comprehensive income for the period	**11,033**	12,353
Attributable to:		
Equity holders of the Company	**9,798**	10,795
Minority interests	**1,235**	1,558
	11,033	12,353

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30 June 2009 (Unaudited)** *HK$'000*	As at 31 December 2008 (Audited) *HK$'000*
ASSETS			
Non-current assets			
Land use rights		**29,212**	29,135
Property, plant and equipment		**119,021**	116,640
Intangible assets		**37,146**	37,074
Goodwill		**177,959**	177,959
		363,338	360,808
Current assets			
Inventories		**98,620**	88,563
Trade receivables	*6*	**10,015**	5,119
Prepayment, deposit and other receivables		**29,193**	28,884
Bank balances and cash		**81,953**	71,747
		219,781	194,313
Total assets		**583,119**	555,121

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2009 (Unaudited) HK$'000	As at 31 December 2008 (Audited) HK$'000
EQUITY			
Capital and reserve attributable to the Company's equity shareholders			
Share capital		**13,904**	13,904
Reserves		**354,354**	344,556
		368,258	358,460
Minority interests		**55,306**	54,071
		423,564	412,531
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**19,959**	19,854
		19,959	19,854
Current liabilities			
Trade payables	*7*	**20,575**	17,386
Accruals, deposit received and other payables		**24,364**	25,443
Amounts due to related parties		**24,304**	16,475
Bank borrowings – secured due within one year		**68,182**	56,529
Tax payables		**2,171**	6,903
		139,596	122,736
Total liabilities		**159,555**	142,590
Total equity and liabilities		**583,119**	555,121
Net current assets		**80,185**	71,577
Total assets less current liabilities		**443,523**	432,385

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements (the "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 interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2008.

The unaudited condensed consolidated interim 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 2008.

During the period, the Group has applied, for the first time, the following new and revised standards, 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 2009.

HKFRSs (Amendments)	Improvements to HKFRSs 2008
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Amendments)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendments)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 and HKAS 39 (Amendments)	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreement for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation

The adoption of the new HKFRSs, except for HKAS 1 (Revised) and HKFRS 8 as described below, had no material effect on the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been recognised.

HKAS 1 (Revised) separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 "Segment Reporting", required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 39 (Amendments)	Eligibe Hedged Items[3]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs[3]
HKFRS 3 (Revised)	Business Combinations[3]
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded Derivatives[4]
HK(IFRIC) – INT 17	Distribution of Non-cash Assets to Owners[3]
HK(IFRIC) – INT 18	Transfer of Assets from Customers[5]

1 Amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.
2 Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 July 2009.
4 Effective for annual periods ending on or after 30 June 2009.
5 Effective for transfer of assets from customers received on or after 1 July 2009.

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 affect the accounting treatment for changes in the parent's interest in a subsidiary that do not result on a loss of control, which will be accounted for as equity transactions.

The Company is in the process of assessing the potential impacts of these new and revised standards, amendments and interpretation but is not yet in a position to state whether they would have a significant impact on the Company's result and financial position.

The unaudited condensed consolidated interim financial statements have been reviewed by the audit committee of the Company and were approved by the Board on 9 September 2009.

2. TURNOVER

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Production and distribution of wine	**54,677**	30,786
Production and distribution of Chinese liquor	**31,711**	17,380
	86,388	48,166

3. OPERATING SEGMENTS

The Group determines its operating segments based on the reports reviewed by the chief operating decision-markers that are used to make strategic decisions.

The Group has two reportable segments – production and distribution of wine and Chinese liquor. The segmentations are based on the information about the operation of the Group that management uses to make decisions.

The accounting policies of the operating segments are the same as those described in the principal accounting policies. The Group evaluates performance on the basis of profit or loss from operations after tax expense and minority interests.

The Group's measurement methods used to determine reported segment profit or loss remain unchanged from 2008.

The Group's reportable segments are strategic business units that operate different activities. They are managed separately because each business has different market and requires different marketing strategies.

Operating segment information is presented below:

The segment results of the Group for the six months ended 30 June 2009

	Chinese Liquor *HK$'000*	Wine *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Revenue				
– The People's Republic of China ("The PRC")	**31,711**	**54,677**	**–**	**86,388**
Result				
Segment result				
– Hong Kong	**–**	**–**	**(3,678)**	**(3,678)**
– The PRC	**3,349**	**16,253**	**–**	**19,602**
	3,349	**16,253**	**(3,678)**	**15,924**
Unallocated finance costs				**(2,096)**
Profit before taxation				**13,828**
Taxation				**(3,927)**
Profit for the period				**9,901**

The segment assets and liabilities of the Group as at 30 June 2009

	Chinese Liquor *HK$'000*	Wine *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Assets				
Segment assets				
– Hong Kong	**–**	**–**	**22,893**	**22,893**
– The PRC	**205,634**	**354,592**	**–**	**560,226**
Consolidated total assets	**205,634**	**354,592**	**22,893**	**583,119**
Liabilities				
Segment liabilities				
– Hong Kong	**–**	**–**	**124**	**124**
– The PRC	**23,761**	**47,529**	**–**	**71,290**
Reportable segment liabilities	**23,761**	**47,529**	**124**	**71,414**
Unallocated corporate liabilities				**88,141**
Consolidated total liabilities				**159,555**

The segment results of the Group for the six months ended 30 June 2008

	Chinese Liquor *HK$'000*	Wine *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Revenue				
– The PRC	17,380	30,786	–	48,166
Result				
Segment result				
– Hong Kong	–	–	(3,810)	(3,810)
– The PRC	3,877	10,300	–	14,177
	3,877	10,300	(3,810)	10,367
Unallocated finance costs				(1,375)
Profit before taxation				8,992
Taxation				(1,153)
Profit for the period				7,839

The segment assets and liabilities of the Group as at 31 December 2008

	Chinese Liquor *HK$'000*	Wine *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Assets				
Segment assets				
– Hong Kong	–	–	27,908	27,908
– The PRC	183,490	343,723	–	527,213
Consolidated total assets	183,490	343,723	27,908	555,121
Liabilities				
Segment liabilities				
– Hong Kong	–	–	1,565	1,565
– The PRC	15,742	48,900	–	64,642
Reportable segment liabilities	15,742	48,900	1,565	66,207
Unallocated corporate liabilities				76,383
Consolidated total liabilities				142,590

4. TAXATION

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
The charge comprises:		
The PRC Enterprise Income Tax	**3,927**	1,153

Hong Kong Profits Tax

No provision for Hong Kong profits tax was made for the six months ended 30 June 2009 (2008: Nil) as the Company and its subsidiaries had no assessable profit derived from Hong Kong during the period.

As at 30 June 2009, the Group had unused tax losses of approximately HK$44 million (31 December 2008: HK$38 million) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability future profit streams.

The PRC Income Tax

Pursuant to the relevant rules and regulations in the PRC, Shangri-la Winery Company Limited ("Shangri-la Winery") and Diqing Shangri-la Economics Development Zone Tinlai Winery Company Limited ("Diqing Winery") are entitled to an exemption from the PRC enterprise income tax for the period from 1 January 2006 to 31 December 2007 and 50% reduction for the next consecutive three years (the "Tax Exemption Period"). The Tax Exemption Period will expiry in 2010. For the current period, Shangri-la Winery and Diqing Winery were under the second year which enjoy to 50% reduction in the PRC enterprise income tax rate.

Shangri-la (Qinhuangdao) Winery Limited ("Shangri-la (Qinhuangdao)") which is a foreign investment enterprise established in the Coastal Open Economics Region of Qinhuangdao, the PRC, 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. Shangri-la (Qinhuangdao) has been reported loss since establishment.

All other subsidiaries are subject to a profits tax rate of 25%.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China (the "New Tax Law") which became effective on 1 January 2008, when the income tax rules and regulations of the PRC applicable to foreign investment enterprises (the "FEIT Law") was abolished. The New Tax Law adopts a uniform tax of 25% of all enterprises including foreign investment enterprises.

Pursuant to the transitional arrangements under the New Tax Law, the above mentioned PRC subsidiaries which is in the Tax Exemption Period will continue to enjoy the tax-exemption or 50% reduction in the applicable income tax rate until the expiry of the Tax Exemption period previously granted under the FEIT Law, and thereafter it will be subject to the unified rate of 25%.

5. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to equity holders of the Company of HK$8,666,000 (six months ended 30 June 2008: profit of HK$6,281,000) and on 1,390,443,000 weighted average shares in issue during the period (period from 1 January 2008 to 30 June 2008: 1,304,853,000).

There were no potential dilutive shares in existence as at 30 June 2009 and 30 June 2008, and, accordingly, no diluted earnings per share have been presented.

6. TRADE RECEIVABLES

The Group generally allows an average credit period ranging from 30 to 90 days (31 December 2008: 30 to 90 days) to its trade customers which major customers with whom specific terms have agreed.

	As at 30 June 2009 (Unaudited) *HK$'000*	As at 31 December 2008 (Audited) *HK$'000*
Within 90 days	**4,627**	5,026
More than 90 days and within 180 days	**5,065**	78
More than 180 days and within 360 days	**323**	15
More than 360 days	**90**	90
	10,105	5,209
Less: provision of doubtful debts	**(90)**	(90)
	10,015	5,119
Represented by:		
Receivables from related companies	**230**	–
Receivables from third parties	**9,785**	5,119
	10,015	5,119

The carrying amounts of trade receivables approximate their fair values.

7. TRADE PAYABLES

	As at 30 June 2009 (Unaudited) *HK$'000*	As at 31 December 2008 (Audited) *HK$'000*
Within 90 days	**17,957**	14,352
More than 90 days and within 180 days	**1,115**	1,519
More than 180 days and within 360 days	**1,503**	1,515
	20,575	21,071

The carrying amounts of trade payables approximate their fair values.

INTERIM DIVIDEND

The board (the "**Board**") of directors (the "**Directors**") of the Company (the Company together with its subsidiaries the "**Group**") does not recommend the payment of interim dividend for the six months ended 30 June 2009 (the "**Period**") (No interim dividend was recommended or paid for the six months ended 30 June 2008).

PLEDGE OF ASSETS

As at 30 June 2009, Shangri-la Winery Company Limited ("**Shangri-la Winery**") had pledged land and buildings and production facilities in Diqing, the People's Republic of China (the "**PRC**") and Qinhuagdao, the PRC with net book value amounting to approximately HK$43 million (31 December 2008: HK$51 million), 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$57 million banking facilities granted to the Group.

FINANCIAL REVIEW

Benefiting from effective sales and marketing strategies of the Group and the consolidation of the revenue of Heilongjiang Province YuQuan Winery Company Limited ("**YuQuan**") (黑龍江省玉泉酒業有限公司) for the Period, the Group's turnover increased 79% achieved a record high of approximately HK$86 million (2008: HK$48 million). Profit before tax soared 53% to HK$13.8 million (2008: HK$9 million) and net profit up 26% to approximately HK$9.9 million (2008: HK$7.8 million), after adjustment for minority interest, profits attributable to the equity holders of the Company increased by 37.8% to approximately HK$8.6 million (2008: HK$6.3 million), lead to an earnings per share of the Company (the "**Share or Shares**") of HK0.62 cents (2008: HK0.48 cents).

The increase in turnover was resulted from the combined sales increase in both Shangri-la Winery's wine and YuQuan's Chinese liquor. Wine products sales increased 77% to approximately HK$54.7 million and Chinese liquor products sales increased 83% to approximately HK$31.7 million. The increase in turnover was mainly due to strengthening marketing campaign which drove up the volume of sales and our product upgrade program which generally increase product price offerings.

Cost of sales rose 78% to approximately HK$41 million (2008: HK$23 million). Other expenses also increased moderately due to the consolidation effect of YuQuan and slight inflation pressure. Administration expense has increased by 23% to approximately HK$12.9 million. As a result of larger bank facilities, financial costs were up 52% to approximately HK$2 million (2008: HK$1.4 million) for the Period.

Whilst most costs increased in line with the turnover, marketing and taxation expenses escalated at a greater magnitude. Most marketing expenses for the year were engaged at the beginning of the year, the effect of which was reflected in the sales and distribution cost for the Period. Compare to same period last year, it almost tripled to approximately HK$18 million. However, the positive impact has outweighted its cost. It takes time for the propaganda to come into effect, we made the initial challenge and we believe that the promotion to sale shall last throughout the year.

Taxation expense was also on the rise. Apart from the consolidation effect of YuQuan, Shangri-la Winery's tax exempt period has come to an end. Shangri-la Winery is now subject to a profits tax of 12.5%. The combine effect has brought the aggregate taxation expense up 2.4 times to HK$3.9 million (2008: HK$1.2 million).

As compare to the beginning of the year, the overall total assets and total liabilities of the Group as at 30 June 2009 increased moderately by 9.58% and 11.9% respectively to approximately HK$583 million and approximately HK$ 160 million respectively. Working capital of the Group was mainly financed by bank borrowing of HK$68 million and reserves of approximately HK$354 million. The gearing ratio (total borrowings/total equity) and current ratio (current assets/current liabilities) of the Group was 0.38 and 1.57 respectively. Taking into account of the existing financial resources, the Group has adequate financial resources to meet its ongoing operating and development requirements.

REVIEW OF OPERATION AND PROSPECTS

Despite the adverse impact of the financial tsunami and the H1N1 influenza, the Group's business recorded rapid growth during the Period leveraging on the upturn of the PRC economy and effective sales strategy.

The Group has introduced new grape wine products, the Shangri-la Plateau series, during the Period. The Shangri-la Plateau series was stricter in the selection of natural raw materials from Diqing Plateau, while refining its flavour to give the perfect feeling of lifestyle and healthiness. The Shangri-la Plateau series demonstrated strong sales and became a successful sub-category, high end product with outstanding performance in the market. In view of the heritage of luxurious wine culture and the changes in the consumers' values, drinking wine became more popular and more in demand by consumers. Apart from launching new product lines to meet different consumer needs, by introducing this high end product, Shangri-la Winery has also built up a luxurious brand image.

Effect of Yu Quan Acquisition

In May 2008, we have acquired 70% equity interest in YuQuan. During the Period, we fully consolidated its financial results which is an important factor contributing to the increase in turnover. As the operation further runs in, we expect YuQuan's contribution to the Group's Chinese liquor business will play a more important role towards the end of the year when the traditional peak season approach.

Enhancing Market Coverage

While strengthening its marketing position in the existing markets in Yunnan Province and Fujian Province, the Group continues to develop new markets in Hunan and Zhejiang Provinces. Our sales in Fujian market has increased 60% during the Period and is still on the rise whereas Hunan market demonstrated the greatest potential. For the Chinese liquor business, the Group continues to maintain its position as the leading Chinese Liquor seller in the Northeast provinces namely Heilongjiang, Jilin and Liaoning. Apart from strengthening its established provincial markets, the Group will strive to achieve further breakthroughs in other markets.

Self-own brands and brand distribution

It is the Group's ongoing strategy to persistently strengthen the build-up of its own brands. Having drastically restructured and re-positioned its own brands, the Group accelerated the expansion pace of establishing its own distribution network in the PRC, and further carried out systematic planning for new distribution channels. Sales in those regions are growing gradually. We believe the build-up of the Group's own brands can establish a sound foundation for its sustainable development.

Accelerate Pace for Acquisition and Merger

The Group will continue the merger and acquisition activities by taking over medium enterprises in the industry, so as to further increase the Group's production capacity and market share, thereby strengthening its leading position in the industry.

Enhance Production Capacity

The plan to re-locate Shangri-la Winery's bottling and logistic facility in Yunnan Province, to a new industry development zone has reached its final stage. Timely announcement will be made according to the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") when the purchase contract been materialised.

The Group has also purchased a production line from Europe for around RMB6 million to enhance the productivity of Shangri-la Winery's products. The installation of new production line will be completed by the end of November this year. Upon completion of installation, the bottling capacity will be doubled. This will be just in time to cope with the peak ordering season and the increasing in demand for Shangri-la Winery's products.

At the same time, improvement has also been made to YuQuan's production facilities to enhance productivity. We believe the new set up will be able to enhance efficiency and lower cost of production.

Prospects

Driven by the growth in domestic demand and fixed asset investments, the gross domestic product (GDP) of the PRC during the first six months of the year realized accelerated growth. Since the outbreak of the financial crisis, the PRC economy show signs of rebound driven by the pull of domestic demand. Given the string of the current market conditions, we believe domestic demand will continue to be the driving force for economy stability. With the policy guidance still on the side of encouraging domestic consumption, the wine industry will continue to develop steadily. Though the wine market competition is severe, we will adhere to our long-term development plan and seize opportunities to continue to build on our strength.

Looking forward, the Group will continue to focus on developing its wine and Chinese liquor businesses and to further strengthen its leading position in the PRC market.

LIQUIDITY AND FINANCIAL INFORMATION

As at 30 June 2009, the Group's total borrowings amounted to approximately HK$68 million and cash and bank balances amounted to approximately HK$82 million. The Group's current ratio was 1.57 and gearing ratio which is expressed as a ratio of total borrowings to total equity was 0.38. Taking into account of the existing financial resources, the Group has adequate financial resources to meet its ongoing operating and development requirements.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

During the Period, the Group experienced only immaterial exchange rate fluctuations as the functional currencies of the Group's operations were mainly in Hong Kong dollars and Renminbi. As the risk on exchange rate difference was considered to be immaterial, the Group did not employ any financial instrument for hedging purposes.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES

During the Period, there was no acquisition or disposal of the Company's subsidiaries and associates.

EMPLOYEE INFORMATION

Total number of staff members was 1,479 as at 30 June 2009 (30 June 2008: 730) of which 150 were management and back office staffs, 1,036 factory workers and 293 sales personnel. 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.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance, the principles of which serve to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business and to ensure that affairs are conducted in accordance with applicable laws and regulations.

The Company has applied the principles and complied with all the code provisions of the Code on Corporate Governance Practices (the "**Code**") contained in appendix 14 to the Listing Rules for the Period except for the provision E.1.2 of the Code that the chairman of the Board was absent from the annual general meeting of the Company held on 3 June 2009 due to business matters.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in appendix 10 to the Listing Rules. Upon specific enquiry by the Company, all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the Period.

AUDIT COMMITTEE

The Audit Committee met two times to date in 2009 (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 Audit 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 2009. 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.

APPRECIATION

On behalf of the Group, I would like extend my gratitude to our shareholders, customers and business partners for their ongoing support and guidance, as well as my fellow Board members and colleagues for their contributions and diligence.

In spite of the global economic crisis, I am optimistic about the Group's future prospects. With a solid financial foundation and a strong income base, the management believes that the Group is well-positioned to reach new heights and creating greater value for our shareholders.

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

Hong Kong, 9 September 2009

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

* *For identification purposes only*