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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 2012

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 2012, together with the comparative results for the previous period as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended	
		30 June	
		2012	2011
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Turnover	2	151,450	111,806
Cost of sales		(82,424)	(44,906)
Gross profit		69,026	66,900
Other revenue		8,471	1,476
Selling and distribution costs		(33,500)	(28,562)
Administrative expenses		(20,468)	(19,777)
Profit from operating activities	4	23,529	20,037
Finance costs		(1,752)	(1,150)
Profit before taxation		21,777	18,887
Taxation	5	(7,872)	(5,938)
Profit for the period		13,905	12,949

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended	
		30 June	
		2012	2011
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
	<i>Note</i>		
Attributable to:			
Owners of the Company		11,018	10,703
Non-controlling interests		2,887	2,246
		<u>13,905</u>	<u>12,949</u>
Earnings per share attributable to			
owners of the Company			
Basic and diluted	6	<u>HK0.66 cents</u>	<u>HK0.64 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended	
	30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	13,905	12,949
Other comprehensive income		
Exchange differences arising on translation of foreign operations	<u>5,169</u>	<u>9,927</u>
Total comprehensive income for the period	<u>19,074</u>	<u>22,876</u>
Attributable to:		
Owners of the Company	15,739	19,902
Non-controlling interests	<u>3,335</u>	<u>2,974</u>
	<u>19,074</u>	<u>22,876</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2012 (Unaudited) HK\$'000	As at 31 December 2011 (Audited) HK\$'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Land use rights		29,025	29,138
Property, plant and equipment		252,278	233,576
Intangible assets		37,065	35,591
Available-for-sale financial assets		1,768	1,751
Goodwill		177,959	177,959
		<u>498,095</u>	<u>478,015</u>
Current assets			
Inventories		264,208	241,189
Trade and bills receivables	7	41,998	33,775
Prepayments, deposits and other receivables		70,346	35,648
Cash and cash equivalents		122,081	189,848
		<u>498,633</u>	<u>500,460</u>
Total assets		<u><u>996,728</u></u>	<u><u>978,475</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2012 (Unaudited) HK\$'000	As at 31 December 2011 (Audited) HK\$'000
	<i>Note</i>		
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		16,685	16,685
Reserves		641,124	625,385
		657,809	642,070
Non-controlling interests		86,451	83,116
Total equity		744,260	725,186
LIABILITIES			
Non-current liabilities			
Bank borrowings – due after one year		24,674	24,430
Deferred tax liabilities		21,731	21,509
		46,405	45,939
Current liabilities			
Trade payables	8	43,338	43,790
Accruals, deposits received and other payables		89,801	93,919
Amounts due to related parties		23,574	13,398
Bank borrowings – due within one year		40,712	40,309
Tax payables		8,638	15,934
		206,063	207,350
Total liabilities		252,468	253,289
Total equity and liabilities		996,728	978,475
Net current assets		292,570	293,110
Total assets less current liabilities		790,665	771,125

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

30 June 2012 (in HK Dollars)

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 and other relevant HKASs and Interpretations and the Hong Kong Financial Reporting Standards (“HKFRS(s)”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The unaudited condensed 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 for the year ended 31 December 2011.

The unaudited condensed 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 consistently with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2011.

During the period under review, the Group has applied, for the first time, the following new and revised HKFRSs and HKAS issued by the HKICPA, which are effective for the Group’s accounting periods beginning on 1 January 2012.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Transfers of Financial Assets</i>
HKAS 12 Amendments	Amendments to HKAS 12 <i>Income Taxes – Deferred Tax: Recovery of Underlying Assets</i>

The Group has not applied the new and revised standards, amendments and interpretations that have been issued but are not yet effective for the accounting period on these financial statements. The Group has already commenced an assessment of the impact of these new and revised standards, amendments and interpretations but is not in a position to state whether they would have a significant impact on its results of operation and financial position.

2. TURNOVER

	For the six months ended 30 June	
	2012 (Unaudited) HK\$’000	2011 (Unaudited) HK\$’000
Production and distribution of wine	85,351	70,338
Production and distribution of Chinese Baijiu	66,099	41,468
	151,450	111,806

3. OPERATING SEGMENTS

In accordance with the Group’s internal financial reporting framework, the Group has identified operating segments based on similar products. The operating segments are identified by senior management who is designated as “Chief Operating Decision Maker” to make decisions about resource allocation to the segments and assess their performance.

The Group has two reportable segments, namely (i) production and distribution of wine; and (ii) production and distribution of Chinese Baijiu. The segmentations are based on the information of the operations of the Group that management uses to make decisions.

The Group's measurement methods used to determine reported segment profit or loss remain unchanged from 2011.

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

Operating segment information is presented as follows:

(a) Segment revenue and results

The following is an analysis of the segment revenue and results of the Group for the six months ended 30 June 2012 and 2011:

	Chinese Baijiu		Wine		Total	
	2012	2011	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue						
Revenue from external customers	66,099	41,468	85,351	70,338	151,450	111,806
Segment results	11,842	5,955	15,845	21,402	27,687	27,357
Unallocated corporate income					337	231
Unallocated corporate expenses					(4,495)	(7,551)
Finance costs					(1,752)	(1,150)
Profit before taxation					21,777	18,887
Taxation					(7,872)	(5,938)
Profit for the period					13,905	12,949

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the profit earned by each segment without allocation of central administration costs, directors' salaries, finance costs and taxation. This is the measure reported to the Chief Operating Decision Maker for the purposes of resource allocation and performance assessment.

(b) Assets and liabilities

The following is an analysis of the segment assets and liabilities of the Group as at 30 June 2012 and 31 December 2011:

	Chinese Baijiu		Wine		Total	
	2012	2011	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	308,930	319,175	660,486	626,404	969,416	945,579
Unallocated					27,312	32,896
					996,728	978,475
Segment liabilities	28,211	56,174	136,055	107,287	164,266	163,461
Unallocated					88,202	89,828
					252,468	253,289

For the purposes of monitoring segment performances and allocating resources among segments, all assets are allocated to reportable segments except for certain financial assets which are managed on a group basis. All liabilities are allocated to reportable segments except for bank borrowings, deferred tax liabilities and other financial liabilities which are managed on a group basis.

(c) Geographical information

Over 90% of the Group's turnover and results were derived from the People's Republic of China (the "PRC"). Accordingly, no geographical segment analysis is presented for the period.

As at the end of reporting period, over 90% of the Group's identifiable assets and liabilities were located in the PRC. Accordingly, no geographical segment analysis on the carrying amount of segment assets or additions to property, plant and equipment is presented.

4. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is stated after charging the following:

	For the six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Staff costs (including directors' remuneration)		
– Basic salaries and allowances	24,206	21,942
– Retirement benefit scheme contributions	26	525
Amortisation and impairment of intangible assets	394	487
Amortisation of land use rights	406	389
Cost of inventories recognised as expenses	71,162	33,474
Depreciation	7,189	4,867
	<u>7,189</u>	<u>4,867</u>

5. TAXATION

	For the six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
The PRC Corporate Income Tax	7,872	5,938
	<u>7,872</u>	<u>5,938</u>

Hong Kong Profits Tax

No provision for Hong Kong profits tax was made for the six months ended 30 June 2012 (2011: Nil) as the Group had no assessable profit derived from Hong Kong during the period.

As at 30 June 2012, the Group had unused tax losses of approximately HK\$55 million (31 December 2011: HK\$55 million) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability future profit streams.

The PRC Corporate Income Tax

After the expiry of the tax exemption in 2010, Shangri-la Winery Company Limited ("Shangri-la Winery"), a subsidiary of the Company, has successfully applied for a tax exemption from Yunnan State Administration of Taxation of the PRC and is subject to the tax rate of 15%.

Shangri-la (Qinhuangdao) Winery Limited (“Shangri-la (Qinhuangdao)”), a subsidiary of the Company which is a foreign investment enterprise established in the Coastal Open Economics Region of Qinhuangdao, the PRC, is subject to corporate income tax rate of 25% and is entitled to full exemption from the PRC corporate 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 tax rules applicable to foreign investment enterprise in the PRC. Shangri-la (Qinhuangdao) has been reported its third year profit since its establishment.

Save as disclosed above, all other subsidiaries established in the PRC are subject to a profit tax rate of 25% (2011: 25%).

6. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to owners of the Company of approximately HK\$11,018,000 (six months ended 30 June 2011: profit of HK\$10,703,000) and 1,668,532,146 shares in issue during the period.

The diluted earnings per share and the basic earnings per share for the six months ended 30 June 2012 and 2011 were the same as there were no potential dilutive shares in existence for both periods.

7. TRADE AND BILLS RECEIVABLES

The Group generally allows an average credit period ranging from 30 to 90 days (31 December 2011: 30 to 90 days) to its major trade customers with whom specific terms have been agreed. An aging analysis of trade and bills receivables is as follows:

	As at 30 June 2012 (Unaudited) HK\$'000	As at 31 December 2011 (Audited) HK\$'000
Within 30 days	21,809	30,713
More than 30 days and within 60 days	4,297	462
More than 60 days and within 90 days	3,551	1,614
More than 90 days and within 180 days	11,720	986
More than 180 days and within 360 days	621	–
More than 360 days	208	206
	42,206	33,981
Less: Impairment loss of trade and bills receivables	(208)	(206)
	41,998	33,775

The carrying amounts of trade and bills receivables approximate their fair values.

8. TRADE PAYABLES

An aging analysis of trade payables is as follows:

	As at 30 June 2012 (Unaudited) HK\$'000	As at 31 December 2011 (Audited) HK\$'000
Within 90 days	31,063	33,609
More than 90 days and within 180 days	10,836	4,033
More than 180 days and within 360 days	1,439	6,148
	43,338	43,790

The carrying amounts of trade payables approximate their fair values.

INTERIM DIVIDEND

The Board did not recommend the payment of interim dividend for the six months ended 30 June 2012 (the “**Period**”) (30 June 2011: Nil).

PLEDGE OF ASSETS

As at 30 June 2012, Shangri-la Winery had pledged land and buildings and production facilities in Diqing and Qinhuangdao, the PRC with net book value amounting to approximately HK\$49.6 million (31 December 2011: HK\$50 million) to Agricultural Development Bank of China – Diqing Branch (中國農業發展銀行迪慶藏族自治州分行) to secure approximately HK\$50 million banking facilities granted to the Group.

FINANCIAL REVIEW

Revenue Analysis

Benefited from the surge of Chinese Baijiu sales and the launch of new wine products, the Group’s turnover for the Period increased 35.5% to approximately HK\$151.5 million (six months ended 30 June 2011: HK\$111.8 million). The increase in turnover was driven by favourite sales growth and appropriate adjustments to product mix during the Period. Sales of wine products climbed 21.3% to approximately HK\$85.4 million (six months ended 30 June 2011: HK\$70.3 million). Sales of Chinese Baijiu products shot up 59.4% to approximately HK\$66.1 million (six months ended 30 June 2011: HK\$41.5 million).

During the Period, the government grant received by the Group increased 474% to approximately HK\$8.5 million (six months ended 30 June 2011: HK\$1.5 million). This is due to new application for government grant being approved during the Period.

Gross Profit Analysis

The costs of production, mainly consisted of costs of raw material and labour, rose at a much faster pace than the revenue by 83.5% to approximately HK\$82.4 million (six months ended 30 June 2011: HK\$44.9 million), which offset the gain of momentum in turnover during the Period. Gross profit for the Period increased slightly by 3.2% to approximately HK\$69.0 million (six months ended 30 June 2011: HK\$66.9 million).

Selling and Distribution Costs

Selling and distribution costs were adversely affected by the general increase in labour costs as a result of the minimum wages policy set by the PRC government gradually taking into effect throughout China. Due to the increase in labour costs and relocation of labours from production to marketing, the sales and distribution costs for the Period increased by 17.3% to approximately HK\$33.5 million (six months ended 30 June 2011: HK\$28.6 million).

Administration and Finance Costs

The administration expenses showed a slight increase of 3.5% to approximately HK\$20.5 million (six months ended 30 June 2011: HK\$19.8 million) as a result of the relocation of staff from production to back office support and the general increase in labour costs.

Finance costs increased by 52.3% to approximately HK\$1.8 million (six months ended 30 June 2011: HK\$1.2 million) which is mainly due to the general increase in bank interest rate.

Taxation

Total tax expenses for the Period increased 32.6% to approximately HK\$7.9 million (six months ended 30 June 2011: HK\$5.9 million) which is in line with the overall performance of the Group.

Profit

Profit before taxation grew 15.3% to approximately HK\$21.8 million (six months ended 30 June 2011: HK\$18.9 million). Taking into account the increase in profit tax, the Group's profit after taxation recorded only a single-digit increase, up by 7.4% to approximately HK\$13.9 million (six months ended 30 June 2011: HK\$12.9 million).

Profit Attributable to Owners of the Company

Profit attributable to owners of the Company increased slightly by 2.9% to approximately HK\$11.0 million (six months ended 30 June 2011: HK\$10.7 million). Earnings per share increased by 3.1% to HK0.66 cents (six months ended 30 June 2011: HK0.64 cents).

Balance Sheet Analysis

Total assets of the Group marginally increased 1.9% to approximately HK\$996.7 million (31 December 2011: HK\$978.5 million). Total non-current assets increased 4.2% to approximately HK\$498.1 million (31 December 2011: HK\$478.0 million) whereas total current assets reduced by 0.4% to approximately HK\$498.6 million (31 December 2011: HK\$500.5 million).

Total liabilities decreased 0.3% to approximately HK\$252.5 million (31 December 2011: HK\$253.3 million). This was the combined effect of a marginal increase of total non-current liabilities by 1% to approximately HK\$46.4 million (31 December 2011: HK\$45.9 million) and a decrease of current liabilities by 0.6% to approximately HK\$206.1 million (31 December 2011: HK\$207.4 million).

Working capital of the Group was mainly financed by cash generated from operation and bank borrowings.

REVIEW OF OPERATION AND PROSPECTS

Business Review

Global economy slowdown caused by the financial instability of the Eurozone, the Europe's sovereign-debt crisis, slow economic recovery in the United States, tight money supply in Mainland China and regional political conflicts etc. imposed great impacts on the general economic outlook of the world in the first half of 2012. The slowdown of China's economy posed particular impact to our performance in the Period as China is where most of our operations and markets lie. In response to such challenging conditions, the Group took a cautious approach to maintain a stable development of our businesses.

Financial Overview

The results in the Period under review reflected the complicity of the business environment we are operating in. Despite the sluggish economic landscape, the Group's revenue increased by 35.5% to HK\$151.5 million for the first half of the year when compared to the prior period. This was led by successful promotional activities and recognition of our new products by the market. Profit margins continue to be under pressure following increases in the production costs caused by higher fuel, minimum labour wages and higher raw materials prices in the markets, coupled with the ongoing relocation of Shangri-la's manufacturing operation. The combined effect was that the costs of production was growing at a much faster pace at 83.5% to HK\$82.4 million. While relocation and redevelopment are in process, we take the opportunity to improve the facility's efficiency by streamlining the production process and explore new markets by leveraging growth with new product development. The impact on Shangri-la Winery's cost rise was comparably significant as its market coverage was broad. Facing a large frontier of competition, the increased production costs will take a longer time to be reflected in the product price. This gave rise to a higher growth in segment turnover but lower segment profits. On the other hand, Heilongjiang Province YuQuan Winery Company Limited ("YuQuan Winery"), being provincial based with a focus market in Heilongjiang and having completed major production enhancement and product reform, was relatively less affected. The production enhancement and product reform lead to a strategic change in product mix from low-medium range to medium-high range products which enable it to absorb the cost impact by way of increase of product pricing.

Despite the tough environment, the Group is still able to maintain its steady growth with a profit after taxation of HK\$13.9 million representing an increase of 7.4% from the same period last year. Earnings per share increased 3.1% to HK0.66 cents for the Period.

Continuing Connected Transactions

In order to widen the Group's product offerings and increase future sales value and earnings, we have fine-tuned our distribution strategy by bringing in VATS Chain Liquor Store Management Company Limited ("VATS Chain Store") and Yunnan Jinliufu Trading Limited ("Yunnan JLF Trading") to market and distribute the Group's products at retail and wholesale level respectively. Two new master sales agreements were entered into on 6 July 2012 such that high end Shangri-la wine will be distributed through VATS Chain Store's prestige high end retail network whereas medium to low end winery products and Chinese Baijiu will be distributed through Yunnan JLF Trading's country-wide wholesale network.

Furthermore, due to substantial increase in demand for Yuquan Baijiu in the market and in order to secure the source of strategic base wine and production materials to cope with our production needs, we have entered into a new master purchases agreement with Yunnan Jinliufu Liancai Trading Company Limited ("Jinliufu Liancai") in order to expand the scope of and increase the annual purchases with Jinliufu Liancai to sustain the growth in sales.

Details of the master sales agreements and the master purchases agreement can be referred to in the announcement and the circular of the Company dated 6 July 2012 and 6 August 2012 respectively.

Award and Accreditation

As a leading enterprise in the winery industry, Shangri-la Winery has won numerous awards during the Period. On 21 April 2012, three Shangri-la products, namely Shangri-la A3 Chardonnay, Shangri-la Pleateau Series 2100 Cabernet Sauvignon and 2800 Cabernet Sauvignon won the Gold Prize (金獎) in the 5th Asian Wine Competition (第五屆亞洲葡萄酒質量大賽) in its respective product category. On 27 June 2012, Shangri-la Pleateau A2 Series Cabernet Sauvignon and Shangri-la Pleateau A2 Series Chardonnay won the Gold Prize in the 6th Colombin Cup Yantai International Wine Competition. On 26 April 2012, the “Shangri-la” (香格里拉) brand was awarded the “Chinese Famous Trademark” (中國馳名商標) – the highest honor among the PRC enterprise brands. Only few of national winery brands had been awarded with such honour and Shangri-la was now amongst the list. This is the greatest recognition for the Group’s arduous efforts to promote Shangri-la product lines across the country and our unrelenting efforts for the achievement. The Chinese Famous Trademark award will greatly enhance the influence of Shangri-la brand in domestic winery industry and further accelerate our pace to develop the market throughout the country.

With YuQuan Winery’s outstanding marketing success, YuQuan Baijiu was appointed the official Baijiu for the 23rd China Harbin International Economic and Trade Fair on 11 June 2012, signifying the market influence and solid market foundation of YuQuan Winery in Harbin.

Prospects

Although the economic conditions in the international market remain challenging, we hold a conservative but optimistic view towards China’s winery market. We saw constant revenue growth in the first half of 2012 and we enter the second half of fiscal 2012 with continuing strong momentum. The increase in top line growth was driven by the demand for new and existing products and the strength of our brands. We have confidence that these favourable trends will sustain. With the escalating costs pressure and the expected continuing slowdown of China’s economy, we believe that the market will become more challenging. We strike to impose cost optimizing strategies to optimize operation efficiency. This ongoing progress will not be easily achieved given the volatile economic landscape but our experienced management team is committed to managing our businesses in a cautious and steady manner in order to deliver organic growth and increase profitability.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2012, the Group’s total borrowings amounted to approximately HK\$65.4 million (31 December 2011: HK\$64.7 million) and cash and cash equivalents amounted to approximately HK\$122.1 million (31 December 2011: HK\$189.8 million). The Group’s current ratio was 2.42 and gearing ratio, which is expressed as total borrowings divided by total equity, was 8.8%. Taking into account of the existing banking facilities, the Group has adequate financial resources to meet its ongoing operating and development requirements.

CONTINGENT LIABILITIES

As at 30 June 2012, the Group did not have any significant contingent liabilities (31 December 2011: Nil).

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.

MATERIAL ACQUISITION AND DISPOSAL

During the Period, there was no material acquisition and disposal of subsidiaries by the Group.

EMPLOYEE INFORMATION

Total number of staff members was 1,284 as at 30 June 2012 of which 41 were management, 316 were back office staff, 342 were factory workers and 585 were sales and marketing 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 adopted the code provisions set out in the Code on Corporate Governance Practices (the "Former CG Code") under Appendix 14 to the Listing Rules, which came into effect on 1 January 2005 and was revised and renamed as the Corporate Governance Code (the "New CG Code") with effect from 1 April 2012.

The Company has met all code provisions set out in the Former CG Code during the period from 1 January 2012 to 31 March 2012 and the New CG Code during the period from 1 April 2012 to 30 June 2012.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 twice to date in 2012 to review with senior management and the Company's internal and external auditors, the Group's internal controls and financial matters as set out in the Audit 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, the 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 Period. The Audit Committee comprises the three independent non-executive Directors, namely Mr. Ting Leung Huel, Stephen, Mr. E Meng and Mr. Cao Kuangyu.

By order of the Board
JLF Investment Company Limited
Wu Xiang Dong
Chairman

Hong Kong, 17 August 2012

As at the date of this announcement, the Board comprises six executive Directors, namely, Mr. Wu Xiang Dong, Mr. Yan Tao, Mr. Shu Shi Ping, Mr. Sun Jian Xin, Mr. Zhang Jian and Mr. Ng Kwong Chue, Paul; and three independent non-executive Directors, namely Mr. Ting Leung Huel, Stephen, Mr. E Meng and Mr. Cao Kuangyu.

* *for identification purpose only*