(Stock Code: 00472)

For the period from 1 January 2008 to 30 June 2008

2008 Interim Report

金六福投資有限公司*

JLF Investment Company Limited

(Incorporated in Bermuda with limited liability)

* For identification purpose only

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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 2008, together with the comparative results for the previous period as follows:

UNAUDITED CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

		Six months ended 30 June	
		2008	2007
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Turnover	*3*	**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	*5*	**10,367**	8,667
Finance costs		**(1,375)**	(986)
Profit before taxation and minority interests		**8,992**	7,681
Taxation	*6*	**(1,153)**	(161)
Profit for the period		**7,839**	7,520

UNAUDITED CONDENSED CONSOLIDATED INTERIM 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	7	**0.48 cents**	0.36 cents
Diluted		**N/A**	N/A

The accompanying notes form an integral part of these condensed interim financial statements.

All of the Group operations are classed as continuing.

UNAUDITED CONDENSED CONSOLIDATED INTERIM 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	8	**127,826**	10,924
		277,646	100,106
Current assets			
Inventories		**89,486**	50,649
Trade receivables	9	**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

UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Notes	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	*10*	**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	*11*	**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

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Special reserve	Translation reserve	Statutory reserve	Accumulated profit/ (deficit)	Proposed final dividend	Sub-total	Minority interest	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK'000*
At 1 January 2007	11,493	34,621	604,497	4,810	3,038	(564,299)	–	94,160	50,289	144,449
Appropriation of dividend	–	–	–	–	–	(633)	–	(633)	–	(633)
Elimination of accumulated loss of the Company	–	–	(604,497)	–	–	604,497	–	–	–	–
Exchange differences on consolidation	–	–	–	(120)	–	–	–	(120)	–	(120)
Profit for the period	–	–	–	–	–	4,145	–	4,145	3,375	7,520
At 30 June 2007	11,493	34,621	–	4,690	3,038	43,710	–	97,552	53,664	151,216
At 1 January 2008	12,193	85,253	–	14,413	8,372	34,455	13,904	168,590	58,220	226,810
Issue of shares for acquisition of subsidiaries	1,711	160,908	–	–	–	–	–	162,619	–	162,619
Acquisition of additional interests in a subsidiary	–	–	–	–	–	–	–	–	(57,015)	(57,015)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	21,838	21,838
Capital contributable from minority interests	–	–	–	–	–	–	–	–	3,201	3,201
Exchange differences on consolidation	–	–	–	4,514	–	–	–	4,514	–	4,514
Profit for the period	–	–	–	–	–	6,281	–	6,281	1,558	7,839
At 30 June 2008	13,904	246,161	–	18,927	8,372	40,736	13,904	342,004	27,802	369,806

The accompanying notes form an integral part of these condensed interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash generated from operating activities	**15,290**	13,784
Net cash generated from/(used in) investing activities	**1,248**	(6,362)
Net cash (used in)/generated from financing activities	**(18,134)**	10,816
Net (decrease)/increase in cash and cash equivalents	**(1,596)**	18,238
Cash and cash equivalents at beginning of period	**115,345**	31,832
Cash and cash equivalents at end of period	**113,749**	50,070
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	**113,749**	50,070

The accompanying notes form an integral part of these condensed interim financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 June 2008 (in HK Dollars)

1. CORPORATE INFORMATION

The Company is an exempted company incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate holding company is VATS Group, a group of companies, incorporated in The People's republic of China.

The address of the register office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The principal activity of the Company is investment holding and the activities of its principal subsidiaries are engaged in production and distribution of grape wine and Chinese wine.

2. 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 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 1st 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.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

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

HKAS 1 (Revised)	Presentation of Financial Statements1
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 1st January 2009.
[2] Effective for annual periods beginning on or after 1st July 2009.
[3] Effective for annual periods beginning on or after 1st 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 1st 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 (the "Directors") anticipate that the application of these standards, or amendments will have no material impact on the financial statements of the Company.

The unaudited condensed consolidated 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.

3. TURNOVER

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

Turnover represents the amount received and receivable from the sales of grape wine and Chinese wine amounted to approximately HK$30,786,000 and HK$17,380,000 respectively.

4. BUSINESS AND GEOGRAPHICAL SEGMENT

During the period, the principal activity of the Group was the production and distribution of grape wine and Chinese wine in the PRC and accordingly, no analysis of business and geographical segment is presented.

5. EXPENSES BY NATURE

The following items have been charged to the operating profit during the period:

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Staff costs (including directors' remuneration)		
– Basic salaries and allowances	**3,869**	3,612
– Retirement benefit scheme contributions	**46**	18
Amortisation of intangible assets	**362**	373
Amortisation of land use rights	**90**	93
Cost of inventories recognized as expenses	**22,761**	20,895
Depreciation	**3,476**	3,316

6. TAXATION

Hong Kong Profits Tax

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 derived from Hong Kong 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開國税發2006 27號文件issued by the PRC tax bureau, the Shangri-la Winery Company Limited ("Shangri-la Winery") 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) Winery Limited 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 Trading Company Limited is subject to the PRC enterprise income tax rate of 33% based on the assessable profit arising for the period. Both Shangeli-la Qinghuangdao and Guangzhou Zangji have been reported loss since their establishment. Xiamen Zanmi Winery Limited is subject to the PRC enterprise income tax rate of 14% based on the assessable profit arising for the period.

6. **TAXATION** (Continued)

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the PRC (the "New CIT Law"). The New CIT Law introduces a wide range of changes which standardises the corporate income tax rate to 25% with effect from 1 January 2008. The New CIT Law also provides that further detailed measures and regulations on the determination of taxable profit, tax incentives and grandfathering provisions.

7. **EARNINGS PER SHARE**

The calculation of the basic earnings 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 earnings per share has been presented.

8. **GOODWILL**

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

9. TRADE RECEIVABLES

The Group generally allows an average credit period ranging from 30 to 90 days (31 December 2007: 30 to 90 days) to its trade customers which major customers with whom specific terms have agreed.

	As at 30 June 2008 (Unaudited) ***HK$'000***	As at 31 December 2007 (Audited) *HK$'000*
Within 90 days	**11,172**	13,329
90 days to 180 days	**–**	1,325
More than 180 days and within 360 days	**–**	572
More than 360 days	**39**	39
	11,211	15,265
Less: provision of doubtful debts	**(39)**	(39)
	11,172	15,226

The carrying amounts of trade receivables approximate their fair values.

10. SHARE CAPITAL

	Number of shares *'000*	**Par value** *HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 31 December 2007 and 30 June 2008	16,000,000	160,000
Issued and fully paid:		
At 31 December 2007	1,219,263	12,193
Issue of shares for acquisition of subsidiaries *(Note)*	171,180	1,711
At 30 June 2008	1,390,443	13,904

Note:

On 21 June 2007, the Company entered into an acquisition agreement to acquire the 30% equity interest in Shangri-la Winery Company Limited at a consideration of approximately HK$46,219,000, which was satisfied by issuing of the Company's shares. Details of the acquisition were set out in the Company's announcement and circular dated 8 August 2007 and 19 September 2007 respectively. During the period, the Group completed the acquisition of 30% equity interest in Shangri-la Winery Company Limited. Following the completion of the acquisition, the Group held 95% equity interests in Shangri-la Winery Company Limited.

11. TRADE PAYABLES

	As at 30 June 2008 (Unaudited) HK$'000	As at 31 December 2007 (Audited) HK$'000
Within 90 days	**18,862**	17,072
90 days to 180 days	**4,217**	1,652
More than 180 days and within 360 days	**1,360**	2,347
	24,439	21,071

The carrying amounts of trade payables approximate their fair values.

12. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the unaudited condensed consolidated interim financial statements, the Group entered into the follow related party transactions:

(a) During the period, the Group has entered into the following significant related party transactions which in the opinion of the Directors were conducted under-commercial terms and in the normal course of the Group's business.

	Six months ended 30 June 2008 (Unaudited) HK$'000	2007 (Unaudited) HK$'000
– Yunnan Shangeli-La Jinliufu Wine Sale Company Limited ("雲南香格里拉金六福酒業銷售有限公司")		
– Received	**–**	18,622
– Receivable	**–**	16,224
– 北京金六福酒有限公司 ("北京金六福")		
– Receivable	**–**	4,077
– Yunnan Jinliufu Winery Company Limited ("雲南金六福酒業有限公司")		
– Received	**54,356**	–
– Receivable	**–**	–

12. RELATED PARTY TRANSACTIONS (continued)

(i) The above transactions were carried out at cost plus mark-up basis.

(ii) Yunnan Shangeli-la Jinliufu Wine Sale Company Limited and 北京金六福酒有限公司 are related parties of the Group as Mr. Wu Xiang Dong, being an executive director of the Company is a common director of both companies.

(b) Key management personnel

Remuneration for key personnel management, including amount paid to the Company's directors and certain of the highest paid employee:

	The Group Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Salaries and other short term benefit	**1,590**	1,420

13. SUBSEQUENT EVENTS

On 4 July 2008, the Company has distributed approximately HK$13,890,000 as dividend for the financial year ended 31 December 2007.

On 7 July 2008, the Company has passed an ordinary resolution at a special general meeting for the acquisition of Heilongjiang Province Yu Quan Winery Company Limited ("Heilongjiang YuQuan") ("黑龍江省玉泉酒業有限公司"). Details of this acquisition is discussed under sub-section headed "Acquisition" under "Review of Operation and Prospects" on page 17.

14. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the Board on 27 August 2008.

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 and the gearing ratio (total borrowings/total equity) of the Group was 6.6%. Taking into account of the existing financial resources, the Group has adequate financial resources to meet its ongoing operating and development requirements.

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 (迪慶藏族自治州) 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"). Yunnan Shangri-la 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 Chinese white wine 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, we have incorporated two months' financial results of YuQuan in this interim report.

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.

DISCLOSURE OF INTERESTS

(a) Director's interests and short positions in the securities of the Company and its associated corporations

As at 30 June 2008, the following Directors or the chief executive of the Company had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules:

Long Positions in Ordinary Shares of the Company

Name of Director *(Note)*	**Number of issued ordinary shares held by controlled corporations**	**Percentage of the issued share capital of the company**
Mr Wu Xian Dong	650,988,050	46.82%

Note: These Shares are held by JLF Investment Company Limited, a company incorporated in the British Virgin Islands, which is wholly-owned by Yunnan Jinliufu Investment Company Limited. Yunnan Jinliufu Investment Company Limited is owned as to 60% by Yunnan Shangeli-La Jinliufu Wine Sale Company Limited and 40% by Hunan Jinliufu Winery Company Limited. Yunnan Shangeli-La Jinliufu Wine Sale Company Limited is owned as to 80% by Hunan Jinliufu Winery Company Limited and 20% by Yunnan Jinliufu Investment Company Limited. Hunan Jinliufu Winery Company Limited is owned as to 80% by VATS Group Limited (a company owned as to 80% by Ms. Li Juan and 20% by Mr. Wu Xiang Dong) and 20% by 湖南新華聯石油貿易有限公司. Mr. Wu Xiang Dong also owns: (i) 20% in 新華聯控股有限公司 which holds 58% equity interest in 湖南新華聯石油貿易有限公司; and (ii) 15% equity interest in MACRO-LINK Sdn. Bhd.

Save as disclosed above, as at 30 June 2008, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO

So far as is known to the Directors and the chief executive of the Company, as at 30 June 2008, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	*Note*	Capacity	Number of Shares held	Position	Approximate percentage of issued share capital
JLF Investment Company Limited (金六福投資有限公司)	*1*	Beneficial owner	650,988,050	Long	46.82%
Yunnan Jinliufu Investment Company Limited (雲南金六福投資有限公司)	*1*	Interest of controlled corporation	650,988,050	Long	46.82%
Yunnan Shangeli-La Jinliufiu Wine Sale Company Limited (雲南香格里拉金六福酒業銷售有限公司)	*1*	Interest of controlled corporation	650,988,050	Long	46.82%
Hunan Jinliufu Winery Company Limited (湖南金六福酒業有限公司)	*1*	Interest of controlled corporation	650,988,050	Long	46.82%
VATS Group Limited (華澤集團有限公司)	*1*	Interest of controlled corporation	650,988,050	Long	46.82%
Ms. Li Juan	*1*	Interest of controlled corporation	650,988,050	Long	46.82%
Mr. Fu Kwan	2	Interest of controlled corporation	210,980,281	Long	15.17%

Name of Shareholder	*Note*	Capacity	Number of Shares held	Position	Approximate percentage of issued share capital
MACRO-LINK International Investment Company Limited	2	Beneficial owner	210,980,281	Long	15.17%
MACRO-LINK Sdn. Bhd.	2	Interest of controlled corporation	210,980,281	Long	15.17%
Mr. Ou Yang Jian Jun	3	Interest of controlled corporation	171,180,000	Long	12.31%
Yon Rui Investment Company Limited	3	Beneficial owner	171,180,000	Long	12.31%

Notes:

1. These Shares are held by JLF Investment Company Limited, a company incorporated in the British Virgin Islands, which is wholly-owned by Yunnan Jinliufu Investment Company Limited. Yunnan Jinliufu Investment Company Limited is owned as to 60% by Yunnan Shangeli-La Jinliufu Wine Sale Company Limited and 40% by Hunan Jinliufu Winery Company Limited. Yunnan Shangeli-La Jinliufu Wine Sale Company Limited is owned as to 80% by Hunan Jinliufu Winery Company Limited and 20% by Yunnan Jinliufu Investment Company Limited. Hunan Jinliufu Winery Company Limited is owned as to 80% by VATS Group Limited (a company owned as to 80% by Ms. Li Juan and 20% by Mr. Wu Xiang Dong) and 20% by 湖南新華聯石油貿易有限公司.

2. These Shares are held by MACRO-LINK International Investment Company Limited which is wholly-owned by MACRO-LINK Sdn. Bhd.. MACRO-LINK Sdn. Bhd. is owned as to 40% by Mr. Fu Kwan, as to 15% by Mr. Wu Xiang Dong and as to 45% by five other individual shareholders.

3. These Shares are held by Yon Rui Investment Company Limited which is a company wholly-owned by Mr. Ou Yang Jian Jun.

Save as disclosed above, as at 30 June 2008, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

On 16 September 2002, the Company adopted a share option scheme (the "2002 Scheme") for the primary purpose of providing incentives to its directors and eligible employees. The 2002 Scheme will expire on 15 September 2012. Under the 2002 Scheme, the Board of Directors of the Company may grant options to eligible employees, including executive directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the 2002 Scheme is not permitted to exceed the higher of 10% of the shares of the Company in issue as at the date of adoption of the 2002 Scheme. The number of shares in respect of which options may be granted to any individual is not permitted to exceed the higher of 1% of the number of shares issued and issuable under the 2002 Scheme or any other limit as may be permitted under the Listing Rules. Options granted must be taken up within 30 days of the date of grant, upon payment of HK$1 per grant. Options may be exercised at any time from the date of grant to the 10th anniversary of the date of grant. In each grant of options, the Board of Directors may at their discretion determine the specific exercise period. The exercise price is determined by the directors of the Company, and will be not less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of the Company's shares.

No option has been granted under the 2002 Scheme since its adoption.

LIQUIDITY AND FINANCIAL INFORMATION

As at 30 June 2008, the Group's total borrowings amounted to approximately HK$25 million and cash and bank balances amounted to approximately HK$114 million. The Group's current ratio was 164% and gearing ratio which is expressed as a ratio of total borrowings to total equity was 6.6%.

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.

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 have confirmed that they have complied with the required standards set out in the Model Code throughout the six months 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.

APPRECIATION

I would like to thank the Board, management and all of our staff for their hard work and dedication, as well as our shareholders and customers for their support to the Group.

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

Hong Kong, 27 August 2008