

Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED  
 Stock Name : CNOUHUA  
 Financial Period End : 31 MARCH 2016  
 Quarter : 1  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016**



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		CURRENT	PRECEDING YEAR	CURRENT	PRECEDING YEAR
		QUARTER	CORRESPONDING	QUARTER	CORRESPONDING
		31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
		RMB'000	RMB'000	RM'000	RM'000
Revenue		2,046	1,884	1,351	1,244
Cost of sales		(2,432)	(2,091)	(1,606)	(1,381)
Gross Profit		(386)	(207)	(255)	(137)
Finance and other income		39	67	26	44
Marketing and distribution		(2,202)	(2,134)	(1,454)	(1,410)
Administrative expenses		(1,957)	(2,108)	(1,293)	(1,392)
Other expense		-	-	-	-
(Loss)/profit before tax		(4,506)	(4,382)	(2,976)	(2,894)
Income tax expenses	B4	-	-	-	-
(Loss)/profit net of tax		(4,506)	(4,382)	(2,976)	(2,894)
<b>Other comprehensive Income:</b>					
Foreign currency translation		-	-	-	-
<b>Total comprehensive (loss)/income for the period</b>		<b>(4,506)</b>	<b>(4,382)</b>	<b>(2,976)</b>	<b>(2,894)</b>
<b>(Loss)/profit attributable to :</b>					
- Owners of the parent		(4,282)	(4,165)	(2,828)	(2,751)
- Non-controlling interests		(224)	(217)	(148)	(143)
		(4,506)	(4,382)	(2,976)	(2,894)
<b>Total comprehensive (loss)/income attributable to :</b>					
- Owners of the parent		(4,282)	(4,165)	(2,828)	(2,751)
- Non-controlling interests		(224)	(217)	(148)	(143)
		(4,506)	(4,382)	(2,976)	(2,894)
<b>(Loss)/earnings per share from Group's net (loss)/profit attributable to shareholders</b>	B11				
Basic (RMB cents / RM sen)		(0.64)	(0.62)	(0.42)	(0.41)
Diluted (RMB cents / RM sen)		(0.64)	(0.62)	(0.42)	(0.41)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the financial statements.)

Note:  
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Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED  
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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		CURRENT	PRECEDING YEAR	CURRENT	PRECEDING YEAR
		YEAR TO DATE ENDED 31-Mar-16 RMB'000	YEAR TO DATE ENDED 31-Mar-15 RMB'000	YEAR TO DATE ENDED 31-Mar-16 RM'000	YEAR TO DATE ENDED 31-Mar-15 RM'000
Revenue		2,046	1,884	1,351	1,244
Cost of sales		(2,432)	(2,091)	(1,606)	(1,381)
Gross Profit		(386)	(207)	(255)	(137)
Finance and other income		39	67	26	44
Marketing and distribution		(2,202)	(2,134)	(1,454)	(1,410)
Administrative expenses		(1,957)	(2,108)	(1,293)	(1,382)
Other expense		-	-	-	-
(Loss)/profit before tax		(4,506)	(4,382)	(2,976)	(2,894)
Income tax expenses	B4	-	-	-	-
(Loss)/profit net of tax		(4,506)	(4,382)	(2,976)	(2,894)
<b>Total comprehensive (loss)/ income for the period</b>		<b>(4,506)</b>	<b>(4,382)</b>	<b>(2,976)</b>	<b>(2,894)</b>
<b>(Loss)/profit attributable to :</b>					
- Owners of the parent		(4,282)	(4,165)	(2,828)	(2,751)
- Non-controlling interests		(224)	(217)	(148)	(143)
<b>Total comprehensive (loss)/ income attributable to :</b>		<b>(4,506)</b>	<b>(4,382)</b>	<b>(2,976)</b>	<b>(2,894)</b>
- Owners of the parent		(4,282)	(4,165)	(2,828)	(2,751)
- Non-controlling interests		(224)	(217)	(148)	(143)
<b>(Loss)/earnings per share from Group's net (loss)/profit attributable to shareholders</b>	B11				
Basic (RMB cents / RM sen)		(0.64)	(0.62)	(0.42)	(0.41)
Diluted (RMB cents / RM sen)		(0.64)	(0.62)	(0.42)	(0.41)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the financial statements.)

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Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED  
 Stock Name : CNOUHUA  
 Financial Period Ended : 31 MARCH 2016  
 Quarter : 1  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016**



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016**

PARTICULARS	NOTE	UNAUDITED	AUDITED	UNAUDITED	AUDITED
		AS AT 31-Mar-16 RMB'000	AS AT 31-Dec-15 RMB'000	AS AT 31-Mar-16 RM'000	AS AT 31-Dec-15 RM'000
<b>ASSETS AND LIABILITIES</b>					
<b>Non-current assets</b>					
Property, plant and equipment		46,185	47,260	30,506	31,216
Biological assets		-	-	-	-
Prepayments		-	-	-	-
		<u>46,185</u>	<u>47,260</u>	<u>30,506</u>	<u>31,216</u>
<b>Current assets</b>					
Inventories		60,924	60,845	40,241	40,189
Trade and other receivables		22,672	23,452	14,975	15,490
Prepayments		119,026	118,955	78,618	78,571
Cash and cash equivalents		51,026	53,777	33,703	35,520
		<u>253,648</u>	<u>257,029</u>	<u>167,537</u>	<u>169,769</u>
<b>Current liabilities</b>					
Trade and other payables		10,186	10,132	6,728	6,692
Other liabilities		655	659	433	435
		<u>10,841</u>	<u>10,791</u>	<u>7,161</u>	<u>7,128</u>
Net current assets		<u>242,807</u>	<u>246,238</u>	<u>160,376</u>	<u>162,642</u>
<b>Non-current liability</b>					
Deferred tax liabilities		15,299	15,299	10,105	10,105
<b>Net assets</b>		<u>273,693</u>	<u>278,199</u>	<u>180,777</u>	<u>183,752</u>
<b>EQUITY</b>					
Share capital		205,838	205,838	135,958	135,958
Other reserve		30,531	30,531	20,166	20,166
Retained earnings		29,301	33,583	19,354	22,182
Non-controlling interests		8,023	8,247	5,299	5,447
Total equity		<u>273,693</u>	<u>278,199</u>	<u>180,777</u>	<u>183,752</u>
Net Assets per share attributable to equity holders of the Group (RMB / RM)		0.41	0.42	0.27	0.28

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the financial statements.)

**Note:**

The presentation currency of this unaudited and audited interim financial statement is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") shown is for reference only and is based on the exchange rate of RMB1 to RM0.66051 as at 31 Dec 2015.

Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED

Stock Name : CNOUHUA

Financial Period Ended : 31 MARCH 2016

Quarter : 1

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016**



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to Equity Holders of The Group				Total Equity RMB'000
	Share Capital RMB'000	Statutory Reserve funds RMB'000	Other capital reserves RMB'000	Retained Earnings RMB'000	
(IN RMB)					
At 1 January 2016	205,838	29,508	1,023	33,583	278,199
(Loss)/profit and other comprehensive(loss)/profit for the year	-	-	-	(4,282)	(4,506)
At 31 March 2016	205,838	29,508	1,023	29,301	273,693
(IN RM)					
At 1 January 2016	135,958	19,490	676	22,182	183,753
(Loss)/profit and other comprehensive(loss)/profit for the year	-	-	-	(2,828)	(2,976)
At 31 March 2016	135,958	19,490	676	19,354	180,777

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the financial statements.)

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Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED  
 Stock Name : CNOUHUA  
 Financial Period Ended : 31 MARCH 2016  
 Quarter : 1

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital		Attributable to Equity Holders of The Group				Retained Earnings	Total	Non-controlling interests	Total Equity
	RMB'000	RMB'000	Statutory Reserve funds	Foreign currency translation reserves	Other capital reserves	RMB'000				
(/IN RMB)										
At 1 January 2015	205,838	-	29,508	-	1,023	58,883	295,252	9,545	304,797	
Profit for the period	-	-	-	-	-	(4,165)	(4,165)	(217)	(4,382)	
At 31 March 2015	205,838	-	29,508	-	1,023	54,718	291,087	9,328	300,415	
(/IN RM)										
At 1 January 2015	135,958	-	19,490	-	676	38,893	195,017	6,305	201,321	
Profit for the period	-	-	-	-	-	(2,751)	(2,751)	(143)	(2,894)	
At 31 March 2015	135,958	-	19,490	-	676	36,142	192,266	6,161	198,426	

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the financial statements.)

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Company Name : CHINA OUKUA WINERY HOLDINGS LIMITED  
 Stock Name : CNOUKUA  
 Financial Period Ended : 31 MARCH 2016  
 Quarter : 1



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	CURRENT YEAR TO DATE 31-Mar-16 RMB'000	PRECEDING CORRESPONDING YEAR TO DATE 31-Mar-15 RMB'000	CURRENT YEAR TO DATE 31-Mar-16 RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE 31-Mar-15 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	(4,506)	(4,382)	(2,976)	(2,894)
Adjustments for :-				
Depreciation and amortisation expenses	1,075	1,068	710	705
Impairment loss on PPE	-	-	-	-
Loss on disposal of PPE	-	-	-	-
Depreciation of biological assets	-	-	-	-
Impairment loss on inventories	-	-	-	-
Impairment loss on trade receivables	-	-	-	-
Loss on disposal of biological assets	-	-	-	-
Impairment loss on inventories	-	-	-	-
Write-off of prepayments	-	-	-	-
Other payables write-off	-	-	-	-
Gains arising from initial recognition of harvested grapes	-	-	-	-
Interest income	(39)	(67)	(26)	(44)
<b>Operating profit before working capital changes</b>	<b>(3,470)</b>	<b>(3,381)</b>	<b>(2,292)</b>	<b>(2,233)</b>
<i>Decrease/(increase) in:</i>				
Inventories	(79)	529	(52)	349
Trade and other receivables	709	(592)	468	(391)
<i>(Decrease)/increase in:</i>				
Trade and other payables	54	242	36	160
Other liabilities	(4)	(486)	(3)	(321)
<b>Cash flows generated from/(used in) operations</b>	<b>(2,790)</b>	<b>(3,688)</b>	<b>(1,843)</b>	<b>(2,436)</b>
Income tax paid	-	-	-	-
Interest income received	39	67	26	44
<b>Net cash flows generated from/(used in) operating activities</b>	<b>(2,751)</b>	<b>(3,621)</b>	<b>(1,817)</b>	<b>(2,392)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	-	-	-	-
Loan repaid from Third Party	-	-	-	-
Proceeds from sale of PPE	-	-	-	-
Purchase of biological assets	-	-	-	-
<b>Net cash flow generated from/(used in) investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid to shareholders	-	-	-	-
Dividends paid to non controlling-interests	-	-	-	-
Dividend recovered	-	-	-	-
<b>Net cash flows used in financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2,751)</b>	<b>(3,621)</b>	<b>(1,817)</b>	<b>(2,392)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>53,777</b>	<b>77,712</b>	<b>35,520</b>	<b>51,330</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>51,026</b>	<b>74,091</b>	<b>33,703</b>	<b>48,938</b>
Cash and cash equivalents at the end of the period comprise the followings:				
Cash on hand and at banks	51,026	74,091	33,703	48,938
	<u>51,026</u>	<u>74,091</u>	<u>33,703</u>	<u>48,938</u>

(The accompanying explanatory notes form an integral part of and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2015)

Note:  
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## **A. NOTES TO THE QUARTERLY RESULTS**

### **1. Basis of accounting and changes in accounting policies**

#### **a) Basis of accounting**

The condensed consolidated financial statements for the financial period ended 31 March 2016 are unaudited and have been prepared in accordance with the requirements of International Financial Reporting Standards ("IFRS") and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The condensed consolidated financial statements should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to this financial report.

#### **b) Changes in accounting policies**

At the date of this report, the Group has adopted certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods after 1 January 2016.

The directors do not anticipate that the adoption of the new standards (including consequential amendments) and interpretations will result in any material impact to the financial statements.

### **2. Seasonality or cyclicity of operation**

The business of the Group is generally affected by seasonal factors. Usually the first and fourth quarters of the year are the best quarters for wine industry in the People's Republic of China ("PRC"). Consumers tend to purchase and drink more wines during the festive periods of Christmas, New Year and the Lunar New Year.

### **3. Unusual items due to nature, size or incidence**

There were no unusual items due to nature, size or incidence affecting the assets, liabilities, equity, net income or cash flows of the Group for the financial first quarter ended 31 March 2016.

### **4. Changes in estimates**

There were no material changes in estimates for the financial first quarter ended 31 March 2016.

### **5. Prepayments in Current assets**

The deposits in current assets include RMB118.80 million, being 90% of total cash consideration price of RMB132 million, which consist of two payments made by Yantai Fazenda Ouhua Winery Co., Ltd., to acquire the land, buildings and ancillary facilities located at No. 3, Wolong North Road, Yantai City.

## 6. Changes in share capital and debts

There were no issuances, cancellations, resale and repayments of debt and equity securities for the financial first quarter ended 31 March 2016.

## 7. Dividends Payable

The Board of directors does not recommend any interim dividend for the current quarter ended 31 March 2016.

## 8. Segment Information

### a) Operating segments

<u>3 months ended 31 March 2016</u>	White Wine RMB'000	Red Wine RMB'000	Total RMB'000
<b>Revenue</b>			
Sales to external customers	494	1,552	2,046
<b>Results</b>			
Segment gross profit	(91)	(295)	(386)
Unallocated expenses, net			(4,159)
Interest income			39
Interest expense			-
Loss before tax			(4,506)
Income tax expense			-
Net loss			(4,506)

<u>3 months ended 31 March 2015</u>	White Wine RMB'000	Red Wine RMB'000	Total RMB'000
<b>Revenue</b>			
Sales to external customers	238	1,646	1,884
<b>Results</b>			
Segment gross profit	(55)	(231)	(286)
Unallocated expenses, net			(4,163)
Interest income			67
Interest expense			-
Loss before tax			(4,382)
Income tax expense			-
Net loss			(4,382)

### Other segment information

<u>3 months ended 31 March 2016</u>	International Label RMB'000	Own Label RMB'000	Total RMB'000
<b>Revenue</b>			
Sales to external customers	852	1,194	2,046



	International Label	Own Label	Total
<b><u>3 months ended 31 March 2015</u></b>	RMB'000	RMB'000	RMB'000
<b>Revenue</b>			
Sales to external customers	921	963	1,884

**b) Geographical segments**

As the business of the Group is engaged entirely in the PRC, no reporting by geographical location of operation is presented.

**9. Subsequent events**

There were no material events subsequent to the end of the financial period under review that have not been reflected in this first quarter report as at the date of this report.

**10. Changes in the composition of the Group**

There were no changes in the composition of the Group during the financial first quarter ended 31 March 2016.

**11. Contingent liabilities or assets**

No material contingent liabilities and assets, which upon becoming enforceable may have a material effect on the financial position of the Group since the last annual statement of financial position date.

**12. Valuation of property, plant and equipment**

There was no revaluation of property, plant and equipment during the financial first quarter ended 31 March 2016.

**13. Capital commitments**

There are no material commitments for capital expenditure, which upon becoming enforceable, may have a material effect on the financial position of the Group for the financial first quarter ended 31 March 2016.

**14. Retained Earnings**

The breakdown of retained profits of the Group as at the respective reporting dates is as follows:

	As at 31 Dec 2015		As at 31 March 2016	
	RMB'000	RM'000	RMB'000	RM'000
Realised retained profits:	48,882	32,287	44,600	29,459
Unrealised retained profits:	(15,299)	(10,105)	(15,299)	(10,105)
	-----	-----	-----	-----
Total group retained profits:	33,583	22,182	29,301	19,354
	=====	=====	=====	=====

## 15. Recurring related party transactions

For the financial period ended 31 March 2016, the Group rented office and factory premises from a director-related company, Yantai Ouhua Winery Co., Ltd, with rental expense amounting to RMB 198,450.

## B. INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD UNDER LISTING REQUIREMENTS

### 1. Review of the performance of the Group

For the financial first quarter ended 31 March 2016 ("3M2016"), the Group revenue increased by RMB0.17 million or 9.04% to RMB2.05 million, from RMB1.88 million in the previous corresponding period ended 31 March 2015 ("3M2015"). Loss before (net of) tax increased by RMB0.13 million from RMB4.38 million in 3M2015 to RMB4.51 million in 3M2016.

For the current quarter, the Group recorded an decrease in revenue of RMB4.71 million from RMB6.76 million to RMB2.05 million and a increase in loss net of tax of RMB4.03 million from RMB0.48 million to RMB4.51 million as compared to the immediate preceding quarter ended 31 December 2015.

The decrease of revenue as compared with the immediate preceding quarter ended 31 December 2015 is mainly due to New Year's Day and Spring Festival's holiday promotions made in the fourth quarter ended in 2015.

### 2. Prospects

China's economy has achieved moderate but stable and sound development during the first quarter in 2016. At the same time China's wine market has a good development trend at the beginning of financial year 2016. Consumption of wines including white spirit picked up modestly. The Group will continue to focus on strategic business plan development and step up effort on adjustment on product structure to meet the needs and wants of the middle and low-end consumer. We will continue to work hard initiatives to improve the revenue and seek good development opportunities.

### 3. Profit forecast and guarantee

No profit forecast or guarantee were previously announced and disclosed by the Group in a public document.

#### 4. Income tax charge

	Current Quarter		Current Year-to-date	
	RMB'000	RM'000	RMB'000	RM'000
PRC income tax	-	-	-	-

#### 5. Sales of unquoted investments and/or properties

There are no sales of unquoted investments and/or properties of the Group in the current quarter and financial first quarter ended 31 March 2016.

#### 6. Purchase or disposal of quoted securities

No purchase or disposal of quoted securities by the Group in the financial first quarter ended 31 March 2016.

#### 7. Status of corporate proposals and utilisation of proceeds

The Public Issue was to raise gross proceeds of RM79.53 million, which shall accrue to us and we intend to utilise the proceeds raised in the following manner: -

Details of Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended timeframe	Deviation	
				RM'000	%
Expansion of our market presence and distribution network, in particular FazendaOhua specialty stores	35,788	35,788	By 2 Nov 2012		0
Enhance the quality of and Control over our material supplies	7,952	7,952	By 2 Nov 2012		0
Expansion of our production Capacity and range of wines	11,930	11,930	By 2 Nov 2012		0
Enhance R&D capabilities	3,977	3,977	By 2 Nov 2012		0
Working capital	9,544	12,993	By 2 Nov 2012	(3,449)	(36)
Estimated listing expenses	<u>10,339</u>	<u>6,890</u>	By 2 Nov 2012	3,449	33
<b>Total</b>	<b><u>79,530</u></b>	<b><u>79,530</u></b>			

The listed expenses incurred were RM6.89 million. The excess of RM3.449 million as compared to the estimated listing expenses of RM10.339 million was utilised for working capital purposes.

#### 8. Group borrowings and debts securities

Our Group has no borrowings and debts securities as at the reporting date of the first quarter under review.

#### **9. Off-balance sheet financial instruments risks**

As at the date of this report, we do not have nor are we using any off-balance sheet financial instruments.

#### **10. Changes in material litigation**

As at the date of this report, our Group is not engaged in any legal proceedings which may materially affect the financial position of our Group, and our Directors are not aware of any legal proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group.

#### **11. (Loss)/Earnings per share**

(Loss)/Earnings per share for 31 March 2016 and 31 March 2015 were computed by dividing the (loss)/profit net of tax and minority interests of the respective financial period by the weighted average number of ordinary shares of 668,000,000 each respectively. There was no potential dilutive instrument as at 31 March 2016.

#### **12. Audit report of the Group's preceding annual and immediate financial statements**

Our Group's audited financial statements for the financial year ended 31 December 2015 were subject to qualified opinion.