



*Helmi Talib & Co*

Chartered Accountants of Singapore  
An Independent Member Firm of IAPA



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF CHINA OUHUA WINERY HOLDINGS LIMITED**

***Report on the Financial Statements***

We have audited the accompanying financial statements of CHINA OUHUA WINERY HOLDINGS LIMITED (the "Company") and its subsidiary (the "Group") which comprise the statements of financial position of the Group and the Company as at 31 December 2014, the statements of changes in equity of the Group and the Company and the statement of comprehensive income and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and International Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of comprehensive income and statements of financial position and to maintain accountability of assets.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

***Basis for Qualified Opinion***

Included in other receivables are deposits of RMB 118,800,000 representing 90% of the total cash consideration price, which were made to Huangwu Subdistrict Office, Zhifu District, Yantai City, People's Republic of China. As disclosed in Note 12 to the financial statements, the Group entered into a contract to purchase land, buildings and ancillary facilities including 320KVA power distribution equipment, water supply system, roads surrounding the factory and enclosing wall (collectively known as "Assets") for a cash consideration of RMB 132,000,000. As mentioned in Note 12 to the financial statements, no independent professional valuation of the acquired Assets was made.

*Basis for Qualified Opinion (Continued)*

In the absence of an independent valuation, we were unable to ascertain whether the net recoverable amount of the Assets acquired will exceed the total purchase consideration. In addition, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves of the extent of recoverability of the deposits of RMB 118,800,000 in the event that the transaction is not completed. Consequently, we were unable to determine whether the carrying amount of deposits is fairly stated as at 31 December 2013. Our opinion on the current year's financial statements is also modified because of the possible effects of this matter on current year's figures as at 31 December 2014.

*Qualified Opinion*

In our opinion, except for the possible effects on the corresponding figures of the matters described in the Basis for Qualified Opinion paragraphs, the financial statements are properly drawn up in accordance with the provisions of the Act and International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group and of the Company for the year ended on that date.

*Report on Other Legal and Regulatory Requirements*

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

*Other Reporting Responsibilities*

The supplementary information set out in Note 27 to the financial statements are disclosed to meet the requirements of Bursa Malaysia Securities Berhad and are not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information are prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.



**HELMI TALIB & CO**  
Public Accountants and  
Chartered Accountants

Singapore

Date: 23 April 2015