

Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED
 Stock Name : CNOUHUA
 Financial Period End : 30 JUNE 2016
 Quarter : 2



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		CURRENT	PRECEDING YEAR	CURRENT	PRECEDING YEAR
		QUARTER	CORRESPONDING	QUARTER	CORRESPONDING
		30-Jun-16	30-Jun-15	30-Jun-16	30-Jun-15
		RMB'000	RMB'000	RM'000	RM'000
Revenue		1,717	1,230	1,134	812
Cost of sales		(2,099)	(1,853)	(1,386)	(1,224)
Gross Profit		(382)	(623)	(252)	(411)
Finance and other income		37	65	24	43
Marketing and distribution		(1,886)	(1,368)	(1,246)	(904)
Administrative expenses		(1,148)	(1,376)	(758)	(909)
Other expense		-	-	-	-
(Loss)/profit before tax		(3,379)	(3,302)	(2,232)	(2,181)
Income tax expenses	B4	-	-	-	-
(Loss)/profit net of tax		(3,379)	(3,302)	(2,232)	(2,181)
Other comprehensive income:					
Foreign currency translation		-	-	-	-
Total comprehensive (loss)/income for the period		(3,379)	(3,302)	(2,232)	(2,181)
(Loss)/profit attributable to :					
- Owners of the parent		(3,215)	(3,143)	(2,123)	(2,076)
- Non-controlling interests		(164)	(159)	(108)	(105)
		(3,379)	(3,302)	(2,232)	(2,181)
Total comprehensive (loss)/income attributable to :					
- Owners of the parent		(3,215)	(3,143)	(2,123)	(2,076)
- Non-controlling interests		(164)	(159)	(108)	(105)
		(3,379)	(3,302)	(2,232)	(2,181)
(Loss)/earnings per share from Group's net (loss)/profit attributable to shareholders	B11				
Basic (RMB cents / RM sen)		(0.48)	(0.47)	(0.32)	(0.31)
Diluted (RMB cents / RM sen)		(0.48)	(0.47)	(0.32)	(0.31)

(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:

The presentation currency of this unaudited 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
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 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		CURRENT	PRECEDING YEAR	CURRENT	PRECEDING YEAR
		YEAR TO DATE ENDED 30-Jun-16 RMB'000	YEAR TO DATE ENDED 30-Jun-15 RMB'000	YEAR TO DATE ENDED 30-Jun-16 RM'000	YEAR TO DATE ENDED 30-Jun-15 RM'000
Revenue		3,763	3,114	2,485	2,057
Cost of sales		(4,531)	(3,944)	(2,993)	(2,605)
Gross Profit		(768)	(830)	(507)	(548)
Finance and other income		76	132	50	87
Marketing and distribution		(4,088)	(3,502)	(2,700)	(2,313)
Administrative expenses		(3,105)	(3,484)	(2,051)	(2,301)
Other expense		-	-	-	-
(Loss)/profit before tax		(7,885)	(7,684)	(5,208)	(5,075)
Income tax expenses	B4	-	-	-	-
(Loss)/profit net of tax		(7,885)	(7,684)	(5,208)	(5,075)
Total comprehensive (loss)/ income for the period		(7,885)	(7,684)	(5,208)	(5,075)
(Loss)/profit attributable to :					
- Owners of the parent		(7,497)	(7,308)	(4,952)	(4,827)
- Non-controlling interests		(388)	(376)	(256)	(248)
		(7,885)	(7,684)	(5,208)	(5,075)
Total comprehensive (loss)/ income attributable to :					
- Owners of the parent		(7,497)	(7,308)	(4,952)	(4,827)
- Non-controlling interests		(388)	(376)	(256)	(248)
		(7,885)	(7,684)	(5,208)	(5,075)
(Loss)/earnings per share from Group's net (loss)/profit attributable to shareholders	B11				
Basic (RMB cents / RM sen)		(1.12)	(1.09)	(0.74)	(0.72)
Diluted (RMB cents / RM sen)		(1.12)	(1.09)	(0.74)	(0.72)

(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
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 Financial Period Ended : 30 JUNE 2016
 Quarter : 2



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

PARTICULARS	NOTE	UNAUDITED	AUDITED	UNAUDITED	AUDITED
		AS AT 30-Jun-16 RMB'000	AS AT 31-Dec-15 RMB'000	AS AT 30-Jun-16 RM'000	AS AT 31-Dec-15 RM'000
ASSETS AND LIABILITIES					
<i>Non-current assets</i>					
Property, plant and equipment		45,110	47,260	29,796	31,216
Biological assets		-	-	-	-
Prepayments		-	-	-	-
		<u>45,110</u>	<u>47,260</u>	<u>29,796</u>	<u>31,216</u>
<i>Current assets</i>					
Inventories		60,223	60,845	39,778	40,189
Trade and other receivables		24,600	23,452	16,249	15,490
Prepayments		119,220	118,955	78,746	78,571
Cash and cash equivalents		46,258	53,777	30,554	35,520
		<u>250,301</u>	<u>257,029</u>	<u>165,328</u>	<u>169,769</u>
<i>Current liabilities</i>					
Trade and other payables		9,402	10,132	6,210	6,692
Other liabilities		396	659	262	435
		<u>9,798</u>	<u>10,791</u>	<u>6,472</u>	<u>7,128</u>
Net current assets		<u>240,503</u>	<u>246,238</u>	<u>158,855</u>	<u>162,642</u>
<i>Non-current liability</i>					
Deferred tax liabilities		15,299	15,299	10,105	10,105
Net assets		<u>270,314</u>	<u>278,199</u>	<u>178,545</u>	<u>183,752</u>
EQUITY					
Share capital		205,838	205,838	135,958	135,958
Other reserve		30,531	30,531	20,166	20,166
Retained earnings		26,086	33,583	17,230	22,182
Non-controlling interests		7,859	8,247	5,191	5,447
Total equity		<u>270,314</u>	<u>278,199</u>	<u>178,545</u>	<u>183,752</u>
Net Assets per share attributable to equity holders of the Group (RMB / RM)		0.40	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 : 30 JUNE 2016
 Quarter : 2

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital		Attributable to Equity Holders of The Group			Non-controlling interests	Total Equity
	RMB'000	RMB'000	Statutory Reserve funds	Other capital reserves	Retained Earnings		
(IN RMB)							
At 1 January 2016	205,838	205,838	29,508	1,023	33,583	269,952	278,199
(Loss)/profit and other comprehensive(loss)/profit for the year	-	205,838	-	-	(7,497)	(7,497)	(7,885)
At 30 June 2016	205,838	205,838	29,508	1,023	26,086	262,455	270,314
(IN RM)							
At 1 January 2016	135,958	135,958	19,490	676	22,182	178,306	183,753
(Loss)/profit and other comprehensive(loss)/profit for the year	-	135,958	-	-	(4,952)	(4,952)	(5,208)
At 30 June 2016	135,958	135,958	19,490	676	17,230	173,354	178,545

(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
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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 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	Foreign currency translation reserves RMB'000	Other capital reserves RMB'000	Retained Earnings RMB'000	Total RMB'000	
(IN RMB)							
At 1 January 2015	205,838	29,508	-	1,023	58,883	295,252	304,797
Profit for the period	-	-	-	-	(7,308)	(7,308)	(7,684)
At 30 June 2015	205,838	29,508	-	1,023	51,575	287,944	297,113
(IN RM)							
At 1 January 2015	135,958	19,490	-	676	38,893	195,017	201,321
Profit for the period	-	-	-	-	(4,827)	(4,827)	(5,075)
At 30 June 2015	135,958	19,490	-	676	34,066	190,190	196,245

(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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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	CURRENT YEAR TO DATE 30-Jun-16 RMB'000	PRECEDING CORRESPONDING YEAR TO DATE 30-Jun-15 RMB'000	CURRENT YEAR TO DATE 30-Jun-16 RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE 30-Jun-15 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	(7,885)	(7,684)	(5,208)	(5,075)
Adjustments for :-				
Depreciation and amortisation expenses	2,150	2,134	1,420	1,410
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	(76)	(132)	(50)	(87)
Operating profit before working capital changes	(5,811)	(5,682)	(3,838)	(3,753)
<i>Decrease/(increase) in:</i>				
Inventories	622	910	411	601
Trade and other receivables	(1,413)	(2,025)	(933)	(1,338)
<i>(Decrease)/increase in:</i>				
Trade and other payables	(730)	35	(482)	23
Other liabilities	(263)	(582)	(174)	(384)
Cash flows generated from/(used in) operations	(7,595)	(7,344)	(5,017)	(4,851)
Income tax paid	-	-	-	-
Interest income received	76	132	50	87
Net cash flows generated from/(used in) operating activities	(7,519)	(7,212)	(4,966)	(4,764)
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	-	-	-	-
Loan repaid from Third Party	-	-	-	-
Proceeds from sale of PPE	-	-	-	-
Purchase of biological assets	-	-	-	-
Net cash flow generated from/(used in) investing activities	-	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid to shareholders	-	-	-	-
Dividends paid to non controlling-interests	-	-	-	-
Dividend recovered	-	-	-	-
Net cash flows used in financing activities	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,519)	(7,212)	(4,966)	(4,764)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	53,777	77,712	35,520	51,330
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	46,258	70,500	30,554	46,566
Cash and cash equivalents at the end of the period comprise the followings:				
Cash on hand and at banks	46,258	70,500	30,554	46,566
	46,258	70,500	30,554	46,566

(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:
 The functional and presentation currency of this unaudited 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.

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 30 June 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 half year ended 30 June 2016.

4. Changes in estimates

There were no material changes in estimates for the financial half year ended 30 June 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 half year ended 30 June 2016.

7. Dividends Payable

The Board of directors does not recommend any interim dividend for the current quarter ended 30 June 2016.

8. Segment Information

a) Operating segments

<u>6 months ended 30 June 2016</u>	White Wine RMB'000	Red Wine RMB'000	Total RMB'000
Revenue			
Sales to external customers	944	2,819	3,763
Results			
Segment gross profit	(192)	(576)	(768)
Unallocated expenses, net			(7,193)
Interest income			76
Interest expense			-
Loss before tax			(7,885)
Income tax expense			-
Net loss			(7,885)

<u>6 months ended 30 June 2015</u>	White Wine RMB'000	Red Wine RMB'000	Total RMB'000
Revenue			
Sales to external customers	448	2,666	3,114
Results			
Segment gross profit	(134)	(696)	(830)
Unallocated expenses, net			(6,986)
Interest income			132
Interest expense			-
Loss before tax			(7,684)
Income tax expense			-
Net loss			(7,684)

Other segment information

<u>6 months ended 30 June 2016</u>	International Label RMB'000	Own Label RMB'000	Total RMB'000
Revenue			
Sales to external customers	1,637	2,126	3,763

	International Label	Own Label	Total
<u>6 months ended 30 June 2015</u>	RMB'000	RMB'000	RMB'000
Revenue			
Sales to external customers	1,453	1,661	3,114

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 half year 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 half year ended 30 June 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 half year ended 30 June 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 half year ended 30 June 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 30 June 2016	
	RMB'000	RM'000	RMB'000	RM'000
Realised retained profits:	48,882	32,287	41,385	27,335
Unrealised retained profits:	(15,299)	(10,105)	(15,299)	(10,105)
	-----	-----	-----	-----
Total group retained profits:	33,583	22,182	26,086	17,230
	=====	=====	=====	=====

15. Recurring related party transactions

For the financial period ended 30 June 2016, the Group rented office and factory premises from a director-related company, Yantai Ouhua Winery Co., Ltd, with rental expense amounting to RMB 396,900.

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

1. Review of the performance of the Group

For the financial half year ended 30 June 2016 ("6M2016"), the Group revenue increased by RMB0.65 million or 20.9% to RMB3.76 million, from RMB3.11 million in the previous corresponding period ended 30 June 2015 ("6M2015"). Loss before (net of) tax increased by RMB0.21 million from RMB7.68 million in 6M2015 to RMB7.89 million in 6M2016.

For the current quarter, the Group recorded an decrease in revenue of RMB0.33 million from RMB2.05 million to RMB1.72 million and a decrease in loss net of tax of RMB1.13 million from RMB4.51 million to RMB3.38 million as compared to the immediate preceding quarter ended 31 March 2016.

The decrease of revenue as compared with the immediate preceding quarter ended 30 March 2016 is mainly due to the second quarter is traditionally low for wine industry.

2. Prospects

In the first half of 2016, China's economy has developed stably and healthily, whilst China's liquor market has also headed toward positive trend of development, which saw the sales of Chinese rice wine increased quite a fair bit. The company will continue to adhere to the strategic development plan, increase and adjust the products structure range so as to meet the bigger majority of low-medium category of consumers demand. We will continue to strive to increase our sales of wine and at the same time seeking for potentially viable business 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 half year ended 30 June 2016.

6. Purchase or disposal of quoted securities

No purchase or disposal of quoted securities by the Group in the financial half year ended 30 June 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 Fazenda Ohua 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
Total	<u>79,530</u>	<u>79,530</u>			

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 second 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 30 June 2016 and 30 June 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 30 June 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.