

Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED
 Stock Name : CNOUHUA
 Financial Period End : 30 SEPTEMBER 2016
 Quarter : 3



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		PRECEDING YEAR	PRECEDING YEAR	PRECEDING YEAR	PRECEDING YEAR
		CURRENT QUARTER 30-Sep-16	CORRESPONDING QUARTER 30-Sep-15	CURRENT QUARTER 30-Sep-16	CORRESPONDING QUARTER 30-Sep-15
		RMB'000	RMB'000	RM'000	RM'000
Revenue		3,660	3,091	2,417	2,042
Cost of sales		(3,443)	(14,833)	(2,274)	(9,797)
Gross Profit		217	(11,742)	143	(7,756)
Finance and other income		33	70	22	46
Marketing and distribution		(2,380)	(2,534)	(1,572)	(1,674)
Administrative expenses		(4,014)	(4,079)	(2,651)	(2,694)
Other expense		(42)	(146)	(28)	(96)
(Loss)/profit before tax		(6,186)	(18,431)	(4,086)	(12,174)
Income tax expenses	B4	-	-	-	-
(Loss)/profit net of tax		(6,186)	(18,431)	(4,086)	(12,174)
Other comprehensive income:					
Foreign currency translation		-	-	-	-
Total comprehensive (loss)/income for the period		(6,186)	(18,431)	(4,086)	(12,174)
(Loss)/profit attributable to :					
- Owners of the parent		(5,882)	(17,513)	(3,885)	(11,568)
- Non-controlling interests		(304)	(918)	(201)	(606)
		(6,186)	(18,431)	(4,086)	(12,174)
Total comprehensive (loss)/income attributable to :					
- Owners of the parent		(5,882)	(17,513)	(3,885)	(11,568)
- Non-controlling interests		(304)	(918)	(201)	(606)
		(6,186)	(18,431)	(4,086)	(12,174)
(Loss)/earnings per share from Group's net (loss)/profit attributable to shareholders	B11				
Basic (RMB cents / RM sen)		(0.88)	(2.63)	(0.58)	(1.74)
Diluted (RMB cents / RM sen)		(0.88)	(2.63)	(0.58)	(1.74)

(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 THIRD QUARTER ENDED 30 SEPTEMBER 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-Sep-16 RMB'000	YEAR TO DATE ENDED 30-Sep-15 RMB'000	YEAR TO DATE ENDED 30-Sep-16 RM'000	YEAR TO DATE ENDED 30-Sep-15 RM'000
Revenue		7,423	6,205	4,903	4,098
Cost of sales		(7,974)	(18,777)	(5,287)	(12,402)
Gross Profit		(551)	(12,572)	(364)	(8,304)
Finance and other income		109	202	72	133
Marketing and distribution		(6,468)	(6,036)	(4,272)	(3,987)
Administrative expenses		(7,119)	(7,563)	(4,702)	(4,995)
Other expense		(42)	(146)	(28)	(96)
(Loss)/profit before tax		(14,071)	(26,115)	(9,294)	(17,249)
Income tax expenses	B4	-	-	-	-
(Loss)/profit net of tax		(14,071)	(26,115)	(9,294)	(17,249)
Total comprehensive (loss)/ income for the period		(14,071)	(26,115)	(9,294)	(17,249)
(Loss)/profit attributable to :					
- Owners of the parent		(13,379)	(24,821)	(8,837)	(16,395)
- Non-controlling interests		(692)	(1,294)	(457)	(855)
		(14,071)	(26,115)	(9,294)	(17,249)
Total comprehensive (loss)/ income attributable to :					
- Owners of the parent		(13,379)	(24,821)	(8,837)	(16,395)
- Non-controlling interests		(692)	(1,294)	(457)	(855)
		(14,071)	(26,115)	(9,294)	(17,249)
(Loss)/earnings per share from Group's net (loss)/profit attributable to shareholders	B11				
Basic (RMB cents / RM sen)		(2.00)	(3.72)	(1.32)	(2.45)
Diluted (RMB cents / RM sen)		(2.00)	(3.72)	(1.32)	(2.45)

(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 SEPTEMBER 2016
 Quarter : 3



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

PARTICULARS	NOTE	UNAUDITED	AUDITED	UNAUDITED	AUDITED
		AS AT 30-Sep-16 RMB'000	AS AT 31-Dec-15 RMB'000	AS AT 30-Sep-16 RM'000	AS AT 31-Dec-15 RM'000
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment		44,016	47,260	29,073	31,216
Biological assets		-	-	-	-
Prepayments		-	-	-	-
		<u>44,016</u>	<u>47,260</u>	<u>29,073</u>	<u>31,216</u>
Current assets					
Inventories		60,808	60,845	40,164	40,189
Trade and other receivables		25,731	23,452	16,996	15,490
Prepayments		119,148	118,955	78,698	78,571
Cash and cash equivalents		41,872	53,777	27,723	35,520
		<u>247,659</u>	<u>257,029</u>	<u>163,581</u>	<u>169,769</u>
Current liabilities					
Trade and other payables		11,927	10,132	7,878	6,692
Other liabilities		321	659	212	435
		<u>12,248</u>	<u>10,791</u>	<u>8,090</u>	<u>7,128</u>
Net current assets		<u>235,411</u>	<u>246,238</u>	<u>155,491</u>	<u>162,642</u>
Non-current liability					
Deferred tax liabilities		15,299	15,299	10,105	10,105
Net assets		<u>264,128</u>	<u>278,199</u>	<u>174,459</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		20,204	33,583	13,345	22,182
Non-controlling interests		7,555	8,247	4,990	5,447
Total equity		<u>264,128</u>	<u>278,199</u>	<u>174,459</u>	<u>183,752</u>
Net Assets per share attributable to equity holders of the Group (RMB / RM)		0.40	0.42	0.26	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.)

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 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 OIHUA WINERY HOLDINGS LIMITED
 Stock Name : CNOUHUA
 Financial Period Ended : 30 SEPTEMBER 2016
 Quarter : 3

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital		Attributable to Equity Holders of The Group			Total Equity
	RMB'000	RMB'000	Statutory Reserve funds	Other capital reserves	Retained Earnings	
(IN RMB)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2016	205,838	1,023	29,508	1,023	33,583	278,199
(Loss)/profit and other comprehensive(loss)/profit for the year	-	-	-	-	(13,379)	(14,071)
At 30 September 2016	205,838	1,023	29,508	1,023	20,204	264,128
(IN RM)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2016	135,958	676	19,490	676	22,182	183,753
(Loss)/profit and other comprehensive(loss)/profit for the year	-	-	-	-	(8,837)	(9,294)
At 30 September 2016	135,958	676	19,490	676	13,345	174,459

(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 THIRD QUARTER ENDED 30 SEPTEMBER 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital		Attributable to Equity Holders of The Group				Total Equity			
	RMB'000	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	Non-controlling interests RMB'000	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	-	-	-	-	-	(24,821)	(24,821)	(1,294)	(26,115)	
At 30 September 2015	205,838	29,508		-	1,023	34,062	270,431	8,251	278,682	
(IN RM)										
At 1 January 2015	135,958	19,490		-	676	38,893	195,017	6,305	201,321	
Profit for the period	-	-	-	-	-	(16,395)	(16,395)	(855)	(17,249)	
At 30 September 2015	135,958	19,490		-	676	22,498	178,622	5,450	184,071	

(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 THIRD QUARTER ENDED 30 SEPTEMBER 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	CURRENT YEAR TO DATE 30-Sep-16 RMB'000	PRECEDING CORRESPONDING YEAR TO DATE 30-Sep-15 RMB'000	CURRENT YEAR TO DATE 30-Sep-16 RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE 30-Sep-15 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	(14,071)	(26,115)	(9,294)	(17,249)
Adjustments for :-				
Depreciation and amortisation expenses	3,202	3,352	2,115	2,214
Impairment loss on PPE	-	-	-	-
Loss on disposal of PPE	42	-	28	-
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	(109)	(194)	(72)	(128)
Operating profit before working capital changes	(10,936)	(22,957)	(7,223)	(15,163)
<i>Decrease/(increase) in:</i>				
Inventories	37	6,294	24	4,157
Trade and other receivables	(2,472)	(4,484)	(1,633)	(2,962)
<i>(Decrease)/increase in:</i>				
Trade and other payables	1,795	8,972	1,186	5,926
Other liabilities	(338)	(696)	(223)	(460)
Cash flows generated from/(used in) operations	(11,914)	(12,871)	(7,869)	(8,501)
Income tax paid	-	-	-	-
Interest income received	109	194	72	128
Net cash flows generated from/(used in) operating activities	(11,805)	(12,677)	(7,797)	(8,373)
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	-	(222)	-	(147)
Loan repaid from Third Party	-	-	-	-
Proceeds from sale of PPE	-	-	-	-
Purchase of biological assets	-	-	-	-
Net cash flow generated from/(used in) investing activities	-	(222)	-	(147)
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	(11,805)	(12,899)	(7,797)	(8,520)
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	41,972	64,813	27,723	42,810
Cash and cash equivalents at the end of the period comprise the followings:				
Cash on hand and at banks	41,972	64,813	27,723	42,810
	41,972	64,813	27,723	42,810

(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 September 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 period ended 30 September 2016.

4. Changes in estimates

There were no material changes in estimates for the financial period ended 30 September 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 period ended 30 September 2016.

7. Dividends Payable

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

8. Segment Information

a) Operating segments

	White Wine	Red Wine	Total
<u>9 months ended 30 September 2016</u>	RMB'000	RMB'000	RMB'000
Revenue			
Sales to external customers	1,832	5,591	7,423
Results			
Segment gross profit	(133)	(418)	(551)
Unallocated expenses, net			(13,629)
Interest income			109
Interest expense			-
Loss before tax			(14,071)
Income tax expense			-
Net loss			(14,071)
	White Wine	Red Wine	Total
<u>9 months ended 30 September 2015</u>	RMB'000	RMB'000	RMB'000
Revenue			
Sales to external customers	727	5,478	6,205
Results			
Segment gross profit	(202)	(12,370)	(12,572)
Unallocated expenses, net			(13,737)
Interest income			194
Interest expense			-
Loss before tax			(26,115)
Income tax expense			-
Net loss			(26,115)

Other segment information

	International Label	Own Label	Total
<u>9 months ended 30 September 2016</u>	RMB'000	RMB'000	RMB'000
Revenue			
Sales to external customers	2,547	4,876	7,423

	International Label	Own Label	Total
<u>9 months ended 30 September 2015</u>	RMB'000	RMB'000	RMB'000
Revenue			
Sales to external customers	2,446	3,759	6,205

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 third 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 period ended 30 September 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 period ended 30 September 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 period ended 30 September 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 Sep 2016	
	RMB'000	RM'000	RMB'000	RM'000
Realised retained profits:	48,882	32,287	35,503	23,450
Unrealised retained profits:	(15,299)	(10,105)	(15,299)	(10,105)
	-----	-----	-----	-----
Total group retained profits:	33,583	22,182	20,204	13,345
	=====	=====	=====	=====

15. Recurring related party transactions

For the financial period ended 30 September 2016, the Group rented office and factory premises from a director-related company, Yantai Ouhua Winery Co., Ltd, with rental expense amounting to RMB 595,350.

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

1. Review of the performance of the Group

For the financial period ended 30 September 2016 ("9M2016"), the Group revenue increased by RMB1.21 million or 19.48% to RMB7.42 million, from RMB6.21 million in the previous corresponding period ended 30 September 2015 ("9M2015"). Loss before (net of) tax decreased by RMB12.04 million from RMB26.11 million in 9M2015 to RMB14.07 million in 9M2016.

For the current quarter, the Group recorded an increase in revenue of RMB1.95 million from RMB1.71 million to RMB3.66 million and an increase in loss net of tax of RMB2.81 million from RMB3.38 million to RMB6.19 million as compared to the immediate preceding quarter ended 30 June 2016.

2. Prospects

The competition in the China domestic wine industry remains intense because the market has been flooded with many imported wine products. The company has stepped up its marketing activities, sales staff making sale calls and visits to existing customers and expand new customers. Produce wines that meet the needs and wants of the customers and target lower end with mass market potential customers. In addition, the company also focuses more on the development of small-sized dealers and provide promotional supports to them. Innovatively, the company is also exploring and planning to broaden its sale channel via internal sales. Moving forward, the company which has no external borrowing will continue to explore and seek for 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 period ended 30 September 2016.

6. Purchase or disposal of quoted securities

No purchase or disposal of quoted securities by the Group in the financial period ended 30 September 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	10,339	6,890	By 2 Nov 2012	3,449	33
Total	79,530	79,530			

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 third 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 September 2016 and 30 September 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 September 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.