

Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED
 Stock Name : CNOUHUA
 Financial Period Ended : 31 DECEMBER 2010
 Quarter : 4
 QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

PARTICULARS	NOTE	CURRENT	PRECEDING	CURRENT	PRECEDING
		YEAR TO DATE ENDED 31-Dec-10	YEAR TO DATE ENDED 31-Dec-09	YEAR TO DATE ENDED 31-Dec-10	YEAR TO DATE ENDED 31-Dec-09
		RMB'000	RMB'000	RM'000	RM'000
Revenue		448,346	375,530	209,019	175,072
Cost of sales		(191,216)	(168,024)	(89,145)	(78,333)
Gross profit		257,130	207,506	119,874	96,739
Finance and other income		5,215	6,744	2,431	3,144
Marketing and distribution		(65,121)	(34,063)	(30,359)	(15,880)
Administrative expenses		(21,387)	(13,484)	(9,971)	(6,286)
Interest expense		(8,909)	(2,545)	(4,153)	(1,186)
Other expenses		(17,274)	(5,564)	(8,053)	(2,594)
Profit before tax		149,654	158,694	69,769	73,937
Income tax expenses	B5	(28,487)	(25,821)	(13,281)	(12,038)
Profit net of tax		121,167	132,773	56,488	61,899
Other comprehensive loss:					
Foreign currency translation		(2,629)	(141)	(1,226)	(66)
Total comprehensive income for the year		118,538	132,632	55,262	61,833
Profit attributable to :					
- Owners of the parent		113,849	125,500	53,076	58,508
- Non-controlling interests		7,318	7,273	3,412	3,391
		121,167	132,773	56,488	61,899
Total comprehensive income attributable to :					
- Owners of the parent		111,220	125,359	51,850	58,442
- Non-controlling interests		7,318	7,273	3,412	3,391
		118,538	132,632	55,262	61,833
Earnings per share from Group's net profit attributable to shareholders	B12				
Basic (RMB cents / RM sen)		21.32	23.51	9.94	10.96
Diluted (RMB cents / RM sen)		21.32	23.51	9.94	10.96

(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 2009 and the period ended 30 June 2010.)

Note:

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 QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

PARTICULARS	NOTE	CURRENT	COMPARATIVE	CURRENT	COMPARATIVE
		QUARTER ENDED 31-Dec-10	QUARTER ENDED 31-Dec-09	QUARTER ENDED 31-Dec-10	QUARTER ENDED 31-Dec-09
		RMB'000	RMB'000	RM'000	RM'000
Revenue		133,443	131,548	62,211	61,327
Cost of sales		(58,739)	(56,429)	(27,384)	(26,307)
Gross Profit		74,704	75,117	34,827	35,020
Finance and other income		3,117	2,294	1,453	1,069
Marketing and distribution		(26,248)	(14,053)	(12,236)	(6,551)
Administrative expenses		(7,050)	(4,831)	(3,287)	(2,253)
Interest expense		(5,870)	(2,433)	(2,737)	(1,134)
Other expense		(14,050)	(2,474)	(6,550)	(1,153)
Profit before tax		24,603	53,620	11,470	24,998
Income tax expenses	B5	(8,479)	(7,930)	(3,953)	(3,697)
Profit net of tax		16,124	45,690	7,517	21,301
Other comprehensive loss:					
Foreign currency translation		(2,610)	(141)	(1,217)	(66)
Total comprehensive income for the period		13,514	45,549	6,300	21,235
Profit attributable to :					
- Owners of the parent		14,577	43,151	6,796	20,117
- Non-controlling interests		1,547	2,539	721	1,184
		16,124	45,690	7,517	21,301
Total comprehensive income attributable to :					
- Owners of the parent		11,967	43,010	5,579	20,051
- Non-controlling interests		1,547	2,539	721	1,184
		13,514	45,549	6,300	21,235
Earnings per share from Group's net profit attributable to shareholders	B12				
Basic (RMB cents / RM sen)		2.34	6.92	1.09	3.22
Diluted (RMB cents / RM sen)		2.34	6.92	1.09	3.22

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Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED
 Stock Name : CNOUHUA
 Financial Period Ended : 31 DECEMBER 2010
 Quarter : 4
 QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

PARTICULARS	NOTE	AS AT	AS AT	AS AT	AS AT
		31-Dec-10	31-Dec-09	31-Dec-10	31-Dec-09
		RMB'000	RMB'000	RM'000	RM'000
ASSETS AND LIABILITIES					
<i>Non-current assets</i>					
Property, plant and equipment		31,976	40,456	14,907	18,860
Biological assets		95,266	88,069	44,413	41,058
Prepayments		7,760	7,968	3,618	3,715
Deferred tax assets		5,649	4,899	2,634	2,284
		<u>140,651</u>	<u>141,392</u>	<u>65,572</u>	<u>65,917</u>
<i>Current assets</i>					
Inventories		66,732	44,788	31,110	20,880
Trade and other receivables		125,275	84,431	58,403	39,361
Prepayments		-	1,373	-	640
Cash and short-term deposits		319,607	45,567	149,001	21,243
		<u>511,614</u>	<u>176,159</u>	<u>238,514</u>	<u>82,124</u>
<i>Current liabilities</i>					
Income tax payable		5,130	7,015	2,391	3,270
Trade and other payables		62,998	21,230	29,370	9,897
Other liabilities		5,238	3,311	2,442	1,543
Convertible notes		-	14,818	-	6,908
Derivative financial instruments		-	10,496	-	4,894
		<u>73,366</u>	<u>56,870</u>	<u>34,203</u>	<u>26,512</u>
Net current assets		<u>438,248</u>	<u>119,289</u>	<u>204,311</u>	<u>55,612</u>
<i>Non-current liability</i>					
Deferred tax liabilities		12,140	10,957	5,660	5,108
Net assets		<u>566,759</u>	<u>249,724</u>	<u>264,223</u>	<u>116,421</u>
EQUITY					
Share capital	A5	205,838	-	95,962	-
Other reserve		30,584	22,570	14,258	10,522
Retained earnings		313,119	210,414	145,976	98,095
Non-controlling interests		17,218	16,740	8,027	7,804
Total equity		<u>566,759</u>	<u>249,724</u>	<u>264,223</u>	<u>116,421</u>

Net Assets per share attributable to equity holders of the Group (RMB / RM) 0.85 0.50 0.40 0.23

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Company Name : CHINA OJHUA WINERY HOLDINGS LIMITED
 Stock Name : CNOUJUA
 Financial Period Ended : 31 DECEMBER 2010
 Quarter : 4

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	← Attributable to Equity Holders of The Group							Total Equity RMB'000	
	Share Capital RMB'000	Merger Reserve RMB'000	Reserve funds RMB'000	Foreign currency translation RMB'000	Equity contributions RMB'000	Retained Earnings RMB'000	Total RMB'000		Non-controlling interests RMB'000
At 1 January 2009	-	1,244	19,920	-	-	148,560	169,724	12,816	182,540
At 12 January 2009 (on incorporation of the Company)	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	125,500	125,500	7,273	132,773
Other comprehensive loss for the year	-	-	-	(141)	-	-	(141)	-	(141)
Total comprehensive income for the year	-	-	-	(141)	-	125,500	125,359	7,273	132,632
Dividend declared	-	-	-	-	-	(63,646)	(63,646)	(3,349)	(66,995)
Put option written by a shareholder to convertible note holders	-	-	-	-	1,547	-	1,547	-	1,547
Purchase consideration of equity interest in subsidiary waived by a major shareholder	-	-	-	-	1,023	-	1,023	-	1,023
Adjustment arising from Restructuring Exercise	-	(1,244)	-	221	-	-	(1,023)	-	(1,023)
At 31 December 2009	-	-	19,920	80	2,570	210,414	232,964	16,740	249,724
At 1 January 2009	-	580	9,287	-	-	69,259	79,126	5,975	85,101
At 12 January 2009 (on incorporation of the Company)	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	58,508	58,508	3,390	61,898
Other comprehensive loss for the year	-	-	-	(66)	-	-	(66)	-	(66)
Total comprehensive income for the year	-	-	-	(66)	-	58,508	58,442	3,390	61,832
Dividend declared	-	-	-	-	-	(29,672)	(29,672)	(1,561)	(31,233)
Put option written by a shareholder to convertible note holders	-	-	-	-	721	-	721	-	721
Purchase consideration of equity interest in subsidiary waived by a major shareholder	-	-	-	-	477	-	477	-	477
Adjustment arising from Restructuring Exercise	-	(580)	-	103	-	-	(477)	-	(477)
At 31 December 2009	-	-	9,287	37	1,198	98,095	108,617	7,804	116,421

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Company Name : CHINA OIHUA WINERY HOLDINGS LIMITED
 Stock Name : CNOIHUA
 Financial Period Ended : 31 DECEMBER 2010
 Quarter : 4

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital			Attributable to Equity Holders of The Group			Total	Non-controlling interests	Total Equity
	Share Capital	Reserve	Capital Reserve	Reserve funds	Foreign currency translation reserves	Equity contributions			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2010	-	-	-	19,920	80	2,570	210,414	16,740	249,724
Profit for the year	-	-	-	-	-	-	113,849	7,318	121,167
Other comprehensive loss for the year	-	-	-	-	(2,756)	127	-	-	(2,629)
Total comprehensive income for the year	-	-	-	-	(2,756)	127	113,849	7,318	118,538
Effect of change in functional currency	-	-	-	-	2,676	-	(2,676)	-	-
Conversion of convertible loan	41,174	-	-	-	-	(1,625)	1,625	-	41,174
Issue of shares upon listing	168,571	-	-	-	-	-	-	-	168,571
Share issue expenses	(3,907)	-	-	-	-	-	-	-	(3,907)
Capital reserve resulted from capital injection	-	3	-	-	-	-	-	-	3
Dividend declared	-	-	-	-	-	-	-	(7,345)	(7,345)
Appropriation to statutory reserve fund	-	-	-	9,589	-	-	(10,093)	505	1
At 31 December 2010	205,838	3	-	29,509	-	1,072	313,119	17,218	566,759
At 1 January 2010	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit for the year	-	-	-	9,287	37	1,198	98,095	7,804	116,421
Other comprehensive loss for the year	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	53,076	3,412	56,488
Effect of change in functional currency	-	-	-	-	(1,285)	59	-	-	(1,226)
Conversion of convertible loan	19,195	-	-	-	-	(758)	758	-	19,195
Issue of shares upon listing	78,588	-	-	-	-	-	-	-	78,588
Share issue expenses	(1,821)	-	-	-	-	-	-	-	(1,821)
Capital reserve resulted from capital injection	-	2	-	-	-	-	-	-	2
Dividend declared	-	-	-	-	-	-	-	(3,424)	(3,424)
Appropriation to statutory reserve fund	-	-	-	4,470	-	-	(4,705)	235	-
At 31 December 2010	95,962	2	-	13,757	-	499	145,976	8,027	264,223

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 QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010



UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	CURRENT YEAR TO DATE ENDED 31-Dec-10 RMB'000	PRECEDING YEAR TO DATE ENDED 31-Dec-09 RMB'000	CURRENT YEAR TO DATE ENDED 31-Dec-10 RM'000	PRECEDING YEAR TO DATE ENDED 31-Dec-09 RM'000
Cash flow from operating activities				
Profit before tax	149,654	158,594	69,769	73,937
Adjustment:				
Amortisation of prepayments	208	208	97	97
Depreciation of property, plant and equipment	8,489	6,958	3,958	3,244
Depreciation of biological assets	1,687	1,417	787	661
Gains arising from initial recognition of harvested grapes	(4,787)	(4,450)	(2,232)	(2,075)
Interest expense	8,909	2,545	4,153	1,186
Interest income	(428)	(123)	(200)	(57)
Fair value loss/(gain) on derivative financial instrument	5,218	(2,171)	2,433	(1,012)
Unrealised exchange loss	(896)	(141)	(418)	(66)
Operating profit/(loss) before working capital changes	168,054	162,837	78,347	75,915
<i>Decrease/(increase) in:</i>				
inventories	(17,157)	(15,608)	(7,999)	(7,276)
Trade and other receivables	(40,843)	(39,712)	(19,041)	(18,514)
Advances to suppliers	-	382	-	178
Prepayments	1,373	(1,373)	640	(640)
<i>Increase/(decrease) in:</i>				
Trade and other payables	36,348	7,018	16,945	3,272
Other liabilities	1,927	658	899	307
Cash flows generated from/(used in) operations	149,702	114,202	69,791	53,242
Interest income received	428	123	200	57
Interest expense paid	-	(191)	-	(89)
Income tax paid	(24,520)	(19,595)	(11,431)	(9,135)
Net cash flows generated from/(used in) operating activities	125,610	94,539	58,560	44,075
Cash flows used in investing activities				
Purchase of property, plant and equipment	(9)	(9,630)	(4)	(4,490)
Additions to biological assets	(8,885)	(11,825)	(4,142)	(5,513)
Net cash flows used in investing activities	(8,894)	(21,455)	(4,146)	(10,003)
Cash flows from financing activities				
Repayment of short term bank loans	-	(5,000)	-	(2,331)
Proceeds from issuance of shares of the Company, net of share issue expenses	164,864	-	76,766	-
Capital reserve from capital injection	3	-	1	-
Dividend paid	(7,343)	(84,995)	(3,423)	(39,625)
Proceeds from issuance of convertible notes	-	26,678	-	12,437
Net cash flows (used in)/generated from financing activities	157,324	(63,317)	73,344	(29,519)
Net increase in cash and cash equivalents	274,040	9,767	127,758	4,553
Cash and cash equivalents at beginning of financial year	45,567	35,800	21,243	16,690
Cash and cash equivalents at end of financial year	319,607	45,567	149,001	21,243
Cash and cash equivalents at the end of the period comprise the followings:				
Cash on hand and at banks	297,062	45,567	138,490	21,243
Short-term deposits	22,545	-	10,511	-
	319,607	45,567	149,001	21,243

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A. SELECTED EXPLANATORY NOTES TO QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010

1. Basis of accounting and changes in accounting policies

a) Basis of accounting

The condensed consolidated financial statements for the financial year ended 31 December 2010 are unaudited and have been prepared in accordance with the requirements of International Financial Reporting Standards ("IFRS") and paragraph 9.22 of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements.

The condensed consolidated financial statements should be read in conjunction with the audited combined financial statements of the Group for the financial year ended 31 December 2009, financial period ended 30 June 2010, our Prospectus dated 15 October 2010 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 2010.

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, with the first and fourth quarters of the year being the best quarters for the wine industry in the People's Republic of China ("PRC"). Consumers tend to purchase and drink more wine during the festive periods of Christmas, New Year and 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 current quarter and the financial year-to-date.

4. Changes in estimates

There were no material changes in estimates for the current quarter and financial year-to-date.



5. Changes in share capital and debts

Save as disclosed below and further to the listing of the Company on 3 November 2010, there were no issuances, cancellations, repurchase, resale and repayments of debt and equity securities for the current financial year to date.

Date	Particulars	Number of Shares	RMB ('000)
12/01/2009	Incorporation	1	0
23/03/2009	Issued with cash paid	99	0
28/11/2009	Subdivision of 100 Shares to 500,000,000	500,000,000	0
16/09/2010	Issuance of Shares pursuant to conversion of convertible notes	35,450,000	41,174
01/11/2010	Issued pursuant to the Public Issue and receipt of listing proceeds net of deductible listing expenses	132,550,000	164,665
		668,000,000	205,839

6. Dividends

On 19 January 2011, the Board declared an interim tax-exempt dividend of RM0.02 per ordinary share for the 668,000,000 fully paid-up ordinary shares of the Company amounting to RM13,360,000 in respect of the financial year ended 31 December 2010, payable on 17 March 2011.

As the dividend was declared only in the financial year ending 31 December 2011, it will be reflected in the financial statements of the Group for the period ending 31 March 2011.



7. Segment Information

a) Operating segments

31 December 2010	White Wine RMB'000	Red Wine RMB'000	Total RMB'000
Revenue (Year-to-date)			
Sales to external customers	63,748	384,598	448,346
Results(Year- to- date)			
Segment gross profit	36,464	220,666	257,130
Unallocated expenses, net			(98,995)
Interest income			428
Interest expense			(8,909)
Profit before tax			149,654
Income tax expense			(28,487)
Net profit			121,167
31 December 2009	White Wine RMB'000	Red Wine RMB'000	Total RMB'000
Revenue (Year-to-date)			
Sales to external customers	41,939	333,591	375,530
Results(Year- to- date)			
Segment gross profit	26,044	181,462	207,506
Unallocated expenses, net			(46,490)
Interest income			123
Interest expense			(2,545)
Profit before tax			158,594
Income tax expense			(25,821)
Net profit			132,773



7. Segment Information (cont'd)

Other segment information

	International Label RMB'000	Own Label RMB'000	Total RMB'000
31 December 2010			
Revenue (Year to date)			
Sales to external customers	<u>110,592</u>	<u>337,754</u>	<u>448,346</u>

Other segment information

	International Label RMB'000	Own Label RMB'000	Total RMB'000
31 December 2009			
Revenue (Year to date)			
Sales to external customers	<u>84,773</u>	<u>290,757</u>	<u>375,530</u>

b) Geographical segments

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

8. Subsequent events

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

9. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter and financial year-to-date.

10. Contingent liabilities or assets

There are no material contingent liabilities or assets, which upon becoming enforceable may have a material effect on the financial position of the Group since the last annual balance sheet date.



11. Valuation of property, plant and equipment

There was no revaluation of property, plant and equipment during the current quarter under review and the financial year-to-date.

12. 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 current quarter under review.

13. Retained Earnings

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

	As at 30-Sep-2010		As at 31-Dec-2010	
	RMB'000	RM'000	RMB'000	RM'000
Realised retained profits:	331,431	154,513	325,038	151,533
Unrealised retained profits:	(9,451)	(4,406)	(11,919)	(5,557)
Total group retained profits:	321,980	150,107	313,119	145,976

14. Recurring related party transactions

For the financial year ended 31 December 2010, the Group rented office and factory premises from a director-related company, Yantai Ouhua Winery Co., Ltd, with rental expense amounting to Rmb 756,000.

Amount due to related party of Rmb 40.7 million was recorded as at 31 December 2010 for operating expenses paid on behalf of the Company by its shareholders.



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

1. Review of the performance of the Group

For the current quarter, the Group recorded revenue of RMB133.4 million, representing a 1% increase from RMB131.5 million and profit after taxation of RMB16.1 million, a decrease of 65% from RMB45.7 million, both from the corresponding quarter in 2009.

For the financial year-to-date, revenue rose 19% to RMB448.3 million from RMB375.5 million in 2009 but registered an 9% reduction in the profit after taxation from RMB132.8 million to RMB121.2 million.

The above revenue growth is very much in tandem with the sector growth for wine businesses in the People's Republic of China. However, the combined effects on the reinforcement of marketing and distribution efforts to boost Fazenda Ohua's branding (with expenses increasing by RMB12.2 million or 87% for the current quarter and RMB31.6 million or 91% for year-to-date), coupled with increase in IPO related administrative expenses by RMB4.2 million or 75% for year-to-date, and accretion of notional interest under the new accounting standard for the convertible notes from some pre-IPO investors for the amount of RMB8.9 million for year-to-date, resulted in the profit after taxation movement in a reverse direction against the revenue growth.

Both the IPO related expenses and accretion of interest on convertible notes are one-off expense items.

2. Variation of results against immediate preceding quarter

For the current quarter, the Group recorded a revenue growth of RMB47.8 million or 56% from RMB85.6 million to RMB133.4 million but with a reduction in profit after taxation of RMB10.9 million or 40% from RMB27 million to RMB16.1 million, both from the immediate preceding quarter ended 30 September 2010. Reasons to the results variation are as per B1 above.

3. Prospects

For the wine market in the PRC, it was estimated at RMB28.27 billion in 2009, an increase of 37.7% over the previous year of 2008 and with a compound annual growth rate during the period of 2005 to 2009 stood at 26.5% and it was the highest amongst the alcoholic beverage segment such as beer, PRC Spirit (Bai Jiu) and Yellow Wine. The comparatively higher growth trend demonstrates that grape wine is the fastest growing alcoholic beverage segment in the PRC, reflecting its increasing popularity amongst consumers in the PRC and their gradual preference over more traditional alcoholic beverages.

Average per capita wine consumption in the world was 3.43 litres in 2009. Comparatively, the rate of wine consumption among the Chinese in the PRC remains highly under-penetrated at 0.84 litres per capita in 2009. Supported by its large population size that is growing in affluence along with other market drivers, grape wine is expected to continue gaining popularity and acceptance amongst Chinese consumers.

We intensified our branding and market promotion efforts during the last few months of FY2010. As a result, point of sale increased to more than 100 through collaboration between our distributors and many companies. A first specialty store in Hubei province was opened in the current quarter under review. We expect our revenue to grow as the specialty stores and point-of-sale to continue to increase in 2011 as we penetrate further into our existing markets as well as enter into new geographical regions.



In January 2011, together with our Fujian Master Distributor, we expanded our strategic marketing collaboration with China Mobile Limited (中国移动有限公司) from the previous Quanzhou city to the whole of Fujian province. This strategic collaboration includes joint promotion activities with China Mobile Limited and allowing China Mobile subscribers to redeem their points for Fazenda Ohua wines. As part of the collaboration, we are having a nation-wide distributor seminar (启航 2011 欧华品牌营销峰会, 与福建中国移动战略合作伙伴) in Fujian on 6 March 2011. A total of 600 persons are estimated to attend the seminar. The partnership with China Mobile Limited is the first partnership that China Mobile Limited has entered with a major wine brand in the PRC.

As such, wine producers and brand labels whose main markets are in the PRC like us, would be in a better position to capitalise on the above-mentioned advantages in order to ride through the challenges ahead resulting from increased competition in the PRC and rising costs due to the increasing consumer price index in the PRC. Hence, our Board is optimistic about the prospects of our Group, and the outlook of the PRC wine sector for the coming financial year.



4. Profit forecast and guarantee

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

5. Income tax charge

	Current Quarter RMB'000	Current Year-to-date RMB'000
PRC income tax and withholding tax	8,479	28,487

The effective tax rate of the Group for the current quarter and for the financial year-to-date was 12.5% as compared to the current PRC Corporate Income Tax (CIT) rate of 25.0%. The lower effective tax rate was due to our only subsidiary Yantai Fazenda Ouhua Winery Co., Ltd enjoying its last (fifth) year with 50% reduction for CIT rate at 12.5% up to 31 December 2010 under Regular Tax Reduction and Exemption Treatment.

Other than above, a provision of 10% withholding tax on 95% of profits from our only subsidiary Yantai Fazenda Ouhua Winery Co., Ltd is made for the potential repatriation of dividends out of the PRC to the holding company.

6. 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 year-to-date.

7. Purchase or disposal of quoted securities

There is no purchase or disposal of quoted securities by the Group in the current quarter and financial year-to-date.



8. Status of corporate proposals and utilisation of proceeds

Corporate proposals

Further to the listing of the Company on 3 November 2010, no corporate proposal has taken place up to the date of this report.

Utilisation of proceeds

The Public Issue was to raise gross proceeds of RM79.5 million, which shall accrue to us and we intend to utilise the proceeds raised in the following manner: -

Details of Utilisation	Proposed Utilisation	Actual Utilisation	Intended timeframe for utilisation	Deviation	
	RM'000	RM'000		RM'000	%
Expansion of our market presence and distribution network, in particular Fazenda Ohua specialty stores	35,788	-	Within 24 months	-	-
Enhance the quality of and control over our materials supplies	7,952	-	Within 24 months	-	-
Expansion of our production capacity and range of wines	11,930	-	Within 24 months	-	-
Enhance R&D Capabilities	3,977	-	Within 24 months	-	-
Working Capital	9,544	781	Within 12 months	-	-
Estimated listing expenses	10,339	3,979	Upon Listing	6,360	62
Total	79,530	4,760			

Estimated listing expenses of RM 6.4 million was not utilised upon the Company's listing on Bursa Malaysia. As such, the Group will re-allocate the proceeds for working capital purposes in the coming financial year.

9. Group borrowings and debts securities

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

10. 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.



11. Material litigation

As at the date of this report, our Group is not engaged whether as plaintiff or defendant in any legal action, proceedings, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of our Group, and our Directors are not aware of any 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.

12. Earnings per share

Earnings per share for 31 December 2010 and 31 December 2009 were computed by dividing the profit net of tax and minority interests for the respective financial year by the weighted average number of ordinary shares of 533,908,333 for the financial year ended 31 December 2010. There was no potential dilutive instrument as at 31 December 2010.

13. 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 2009 and the financial period ended 30 June 2010 were not subject to any audit qualification.