

Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED  
 Stock Name : CNOUHUA  
 Financial Period Ended : 31 MARCH 2011  
 Quarter : 1



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011

**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-11	31-Mar-10	31-Mar-11	31-Mar-10
		RMB'000	RMB'000	RM'000	RM'000
Revenue		158,518	144,359	73,283	66,737
Cost of sales		(73,238)	(59,620)	(33,858)	(27,562)
Gross Profit		85,280	84,739	39,425	39,175
Finance and other income		608	138	281	64
Marketing and distribution		(15,886)	(16,280)	(7,344)	(7,526)
Administrative expenses		(6,034)	(6,602)	(2,790)	(3,052)
Interest expense		-	(1,519)	-	(702)
Other expense		(119)	(1,485)	(55)	(687)
Profit before tax		63,849	58,991	29,517	27,272
Income tax expenses	B5	(19,950)	(10,618)	(9,223)	(4,909)
<b>Profit net of tax</b>		<b>43,899</b>	<b>48,373</b>	<b>20,294</b>	<b>22,363</b>
<b>Other comprehensive Income:</b>					
Foreign currency translation		(1,375)	(35)	(635)	(17)
<b>Total comprehensive income for the period</b>		<b>42,524</b>	<b>48,338</b>	<b>19,659</b>	<b>22,346</b>
<b>Profit attributable to :</b>					
- Owners of the parent		41,506	45,748	19,188	21,149
- Non-controlling interests		2,393	2,625	1,106	1,214
		<b>43,899</b>	<b>48,373</b>	<b>20,294</b>	<b>22,363</b>
<b>Total comprehensive income attributable to :</b>					
- Owners of the parent		40,131	45,713	18,553	21,133
- Non-controlling interests		2,393	2,625	1,106	1,214
		<b>42,524</b>	<b>48,338</b>	<b>19,659</b>	<b>22,347</b>
<b>Earnings per share from Group's net profit attributable to shareholders</b>	B12				
Basic (RMB cents / RM sen)		6.21	9.15	2.87	4.23
Diluted (RMB cents / RM sen)		6.21	9.12	2.87	4.21

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the financial statements.)

**Note:**

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR TO DATE ENDED 31-Mar-11	PRECEDING YEAR YEAR TO DATE ENDED 31-Mar-10	CURRENT YEAR TO DATE ENDED 31-Mar-11	PRECEDING YEAR YEAR TO DATE ENDED 31-Mar-10
		RMB'000	RMB'000	RM'000	RM'000
Revenue		158,518	144,359	73,283	66,737
Cost of sales		(73,238)	(59,620)	(33,858)	(27,562)
Gross Profit		85,280	84,739	39,425	39,175
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Income tax expenses	B5	(19,950)	(10,618)	(9,223)	(4,909)
Profit net of tax		43,899	48,373	20,294	22,363
Other comprehensive income:					
Foreign currency translation		(1,375)	(35)	(635)	(17)
<b>Total comprehensive income for the period</b>		<b>42,524</b>	<b>48,338</b>	<b>19,659</b>	<b>22,346</b>
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- Owners of the parent		41,506	45,748	19,188	21,149
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		42,524	48,338	19,659	22,347
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(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the financial statements.)

**Note:**

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011**

PARTICULARS	NOTE	UNAUDITED	AUDITED	UNAUDITED	AUDITED
		AS AT 31-Mar-11 RMB'000	AS AT 31-Dec-10 RMB'000	AS AT 31-Mar-11 RM'000	AS AT 31-Dec-10 RM'000
<b>ASSETS AND LIABILITIES</b>					
<b>Non-current assets</b>					
Property, plant and equipment		29,810	31,976	13,782	14,783
Biological assets		94,824	95,266	43,837	44,041
Prepayments		7,708	7,760	3,563	3,587
Deferred tax assets		5,836	5,649	2,698	2,612
		<u>138,178</u>	<u>140,651</u>	<u>63,880</u>	<u>65,023</u>
<b>Current assets</b>					
Inventories		39,526	66,732	18,273	30,850
Trade and other receivables		186,681	125,136	86,303	57,850
Prepayments		16,003	-	7,398	-
Cash and cash equivalents		299,892	319,607	138,640	147,755
		<u>542,102</u>	<u>511,475</u>	<u>250,614</u>	<u>236,455</u>
<b>Current liabilities</b>					
Income tax payable		15,867	5,130	7,335	2,372
Trade and other payables		70,087	62,861	32,401	29,061
Other liabilities		3,173	5,238	1,467	2,422
		<u>89,127</u>	<u>73,229</u>	<u>41,203</u>	<u>33,855</u>
Net current assets		<u>452,975</u>	<u>438,246</u>	<u>209,411</u>	<u>202,600</u>
<b>Non-current liability</b>					
Deferred tax liabilities		12,843	12,140	5,938	5,611
Net assets		<u>578,310</u>	<u>566,757</u>	<u>267,353</u>	<u>262,012</u>
<b>EQUITY</b>					
Share capital	A5	205,838	205,838	95,159	95,159
Other reserve		29,156	30,531	13,479	14,115
Retained earnings		325,283	313,169	150,378	144,778
Non-controlling interests		18,033	17,219	8,337	7,960
Total equity		<u>578,310</u>	<u>566,757</u>	<u>267,353</u>	<u>262,012</u>

Net Assets per share attributable to equity holders of the Group (RMB / RM) 0.87 0.85 0.40 0.39

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 RM0.4623 as at 31 March 2011.

Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED  
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 Financial Period End : 31 MARCH 2011  
 Quarter : 1

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RMB'000	Attributable to Equity Holders of The Group				Retained Earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total Equity RMB'000
		Statutory Reserve funds RMB'000	Foreign currency translation reserves RMB'000	Other capital reserves RMB'000					
(IN RMB)									
At 1 January 2010	-*	19,920	80	2,570	210,414	232,984	16,740	249,724	
Profit for the period	-	-	-	-	45,748	45,748	2,625	48,373	
Other comprehensive loss for the period	-	-	(35)	-	-	(35)	-	(35)	
Total comprehensive income for the period	-	19,920	45	2,570	256,162	278,697	19,365	298,062	
Appropriation to statutory reserve fund	-	1,227	-	-	(1,292)	(65)	65	-	
At 31 March 2010	-*	21,147	45	2,570	254,870	278,632	19,430	298,062	
(IN RM)									
At 1 January 2010	-*	9,209	37	1,188	97,274	107,708	7,739	115,447	
Profit for the period	-	-	-	-	21,149	21,149	1,214	22,363	
Other comprehensive loss for the period	-	-	(16)	-	-	(16)	-	(16)	
Total comprehensive income for the period	-	9,209	21	1,188	118,423	128,841	8,953	137,794	
Appropriation to statutory reserve fund	-	567	-	-	(597)	(30)	30	-	
At 31 March 2010	-*	9,776	21	1,188	117,826	128,811	8,983	137,794	

\* The Company was incorporated with an initial paid-up capital of SGD1 (RM85) which was subsequently increased to SGD100 (RMB474) via the issuance of shares for SGD89 in cash.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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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 Quarter : 1



**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**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	
<b>(IN RMB)</b>							
At 1 January 2011	205,838	29,508	-	1,023	313,169	549,538	566,757
<b>Profit for the period</b>	-	-	-	-	41,506	41,506	43,899
Other comprehensive loss for the period	-	-	(1,375)	-	-	(1,375)	(1,375)
<b>Total comprehensive income for the period</b>	205,838	29,508	(1,375)	1,023	354,675	589,669	609,281
Dividend paid	-	-	-	-	(29,392)	(29,392)	(30,971)
At 31 March 2011	205,838	29,508	(1,375)	1,023	325,283	560,277	578,310
<b>(IN RM)</b>							
At 1 January 2011	95,159	13,642	-	473	144,778	254,052	262,012
<b>Profit for the period</b>	-	-	-	-	19,188	19,188	20,294
Other comprehensive loss for the period	-	-	(636)	-	-	(636)	(636)
<b>Total comprehensive income for the period</b>	95,159	13,642	(636)	473	163,966	272,604	281,670
Dividend paid	-	-	-	-	(13,588)	(13,588)	(14,317)
At 31 March 2011	95,159	13,642	(636)	473	150,378	259,016	267,353

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 FIRST QUARTER ENDED 31 MARCH 2011

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	CURRENT YEAR TO DATE ENDED 31-Mar-11 RMB'000	PRECEDING YEAR TO DATE ENDED 31-Mar-10 RMB'000	CURRENT PERIOD 31-Mar-11 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-10 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	63,849	58,991	29,517	27,272
Adjustments for :-				
Amortisation of prepayments	52	52	24	24
Depreciation of property, plant and equipment	2,170	2,122	1,003	981
Depreciation of biological assets	442	-	204	-
Fair value gain on derivative financial instrument	-	(81)	-	(37)
Interest income	(295)	(57)	(135)	(26)
Interest expense	-	1,519	-	702
<b>Operating profit before working capital changes</b>	<b>66,218</b>	<b>62,546</b>	<b>30,613</b>	<b>28,916</b>
<i>Decrease/(increase) in:</i>				
Inventories	27,206	(10,675)	12,577	(4,935)
Trade and other receivables	(61,545)	(29,072)	(28,452)	(13,440)
Prepayments	(16,003)	(298)	(7,398)	(138)
<i>Increase/(decrease) in:</i>				
Trade and other payables	7,226	11,277	3,341	5,214
Other liabilities	(2,065)	(58)	(955)	(27)
<b>Cash flows generated from operations</b>	<b>21,037</b>	<b>33,720</b>	<b>9,726</b>	<b>15,590</b>
Income tax paid	(8,698)	-	(4,021)	-
Interest income received	295	57	136	26
<b>Net cash flows generated from operating activities</b>	<b>12,634</b>	<b>33,777</b>	<b>5,841</b>	<b>15,616</b>
<b>CASH FLOW FROM INVESTING ACTIVITY</b>				
Purchase of property, plant and equipment	(4)	-	(2)	-
<b>Net cash flow used in investing activity</b>	<b>(4)</b>	<b>-</b>	<b>(2)</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid to shareholders	(29,392)	-	(13,588)	-
Dividends paid to non controlling-interests	(1,579)	-	(730)	-
<b>Net cash flows used in financing activities</b>	<b>(30,971)</b>	<b>-</b>	<b>(14,318)</b>	<b>-</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(18,341)</b>	<b>33,777</b>	<b>(8,479)</b>	<b>15,616</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>319,607</b>	<b>45,567</b>	<b>147,754</b>	<b>21,066</b>
Effect of exchange rate fluctuations on cash on hand and at banks	(1,375)	(35)	(635)	(17)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>299,892</b>	<b>79,309</b>	<b>138,640</b>	<b>36,665</b>
<b>Cash and cash equivalents at the end of the period comprise the followings:</b>				
Cash on hand and at banks	278,590	79,309	128,792	36,665
Short-term deposits	21,302	-	9,848	-
	<b>299,892</b>	<b>79,309</b>	<b>138,640</b>	<b>36,665</b>

(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 2010.)

**Note:**

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## **A. SELECTED EXPLANATORY NOTES TO QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

### **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 2011 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 Group's audited financial statements for the financial year ended 31 December 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 2011.

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 cyclical 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 wine industry in the Peoples 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 quarter ended 31 March 2011.

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

There were no material changes in estimates for the financial quarter ended 31 March 2011.

### **5. Changes in share capital and debts**

There were no issuances, cancellations, resale and repayments of debt and equity securities for the financial quarter ended 31 March 2011.

## 6. Dividends

On 17 March 2011, the Company paid an interim tax-exempt dividend of RM0.02 per ordinary share of the Company amounting to RM13,360,000 in respect of financial year ended 31 December 2010.

On 15 April 2011, the Company proposed a final tax-exempt dividend of 0.72 sen per ordinary share for the 668,000,000 fully paid up ordinary shares of the Company amounting to RM4,809,600 in respect of financial year ended 31 December 2010, be recommended for approval of the shareholders at the forthcoming Annual General Meeting of the Company to be convened and held at a later date.

The related entitlement and payment dates for the proposed final tax-exempt dividend shall be determined later.

As the proposed final tax-exempt dividend was declared after financial quarter ended 31 March 2011, it will be reflected in the financial statements of the Group for the period ending 30 June 2011.

## 7. Segment Information

### a) Operating segments

<b>3 months ended 31 March 2011</b>	<b>White Wine RMB'000</b>	<b>Red Wine RMB'000</b>	<b>Total RMB'000</b>
<b>Revenue</b>			
Sales to external customers	22,441	136,077	158,518
<b>Results</b>			
Segment gross profit	12,495	72,785	85,280
Unallocated expenses, net			(21,726)
Interest income			295
Interest expense			-
Profit before tax			63,849
Income tax expense			(19,950)
Net profit			43,899
<b>3 months ended 31 March 2010</b>	<b>White Wine RMB'000</b>	<b>Red Wine RMB'000</b>	<b>Total RMB'000</b>
<b>Revenue</b>			
Sales to external customers	17,352	127,007	144,359
<b>Results</b>			
Segment gross profit	9,601	75,138	84,739
Unallocated expenses, net			(24,286)
Interest income			57
Interest expense			(1,519)
Profit before tax			58,991
Income tax expense			(10,618)
Net profit			48,373



## 7. Segment Information (cont'd)

### Other segment information

	International Label RMB'000	Own Label RMB'000	Total RMB'000
<b><u>3 months ended 31 March 2011</u></b>			
<b>Revenue</b>			
Sales to external customers	60,759	97,759	158,518
<hr/>			
<b><u>3 months ended 31 March 2010</u></b>			
<b>Revenue</b>			
Sales to external customers	49,492	94,867	144,359
<hr/>			

### 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.

## 10. 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 balance sheet date.

## 11. Valuation of Property, plant and equipment

There was no revaluation of property, plant and equipment during the financial quarter ended 31 March 2011.

## 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 financial quarter ended 31 March 2011.

### 13. Retained Earnings

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

	As at 31 Dec 2010		As at 31 Mar 2011	
	RMB'000	RM'000	RMB'000	RM'000
Realised retained profits:	321,802	148,769	331,709	153,349
Unrealised retained profits:	(8,633)	(3,991)	(6,426)	(2,971)
	-----	-----	-----	-----
Total group retained profits:	313,169	144,778	325,283	150,378
	=====	=====	=====	=====

### 14. Recurring related party transactions

For the financial quarter ended 31 March 2011, the Group rented office and factory premises from a director-related company, Yantai Ouhua Winery Co., Ltd, with rental expense amounting to RMB189,000.

Amount due to related parties of RMB35.5 million was recorded as at 31 March 2011 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 RMB158.5 million, representing a 10% increase from RMB144.4 million and profit before taxation of RMB63.8 million, an increase of 8% from RMB59.0 million, both from the corresponding quarter in 2010. Meanwhile, the Group registered a net of tax profit of RMB43.9 million, representing a decrease of 9% from RMB48.4 million, compared to the corresponding quarter in 2010.

The above revenue growth is very much in tandem with the sector growth for wine businesses in the Peoples' Republic of China. Meanwhile, the corporate income tax rate is higher for current quarter (details are stated in B5). As a result, the Group's net of tax profit movement is in a reverse direction against the revenue growth.

### **2. Variation of results against immediate preceding quarter**

For the current quarter, the Group recorded a revenue growth of RMB25.1 million or 19% from RMB133.4 million to RMB158.5 million and a growth in net of tax profit of RMB27.8 million or 173% from RMB16.1 million to RMB43.9 million, both from the immediate preceding quarter ended 31 December 2010.

In addition to the reasons stated in B1, during the preceding quarter, the Group incurred additional expenses in the marketing and distribution costs for its efforts to boost Fazenda Ohua's branding and coupled with the one-off expenses related to the IPO and accretion of interest on convertible notes.

### **3. Prospects**

The compound annual growth rate during the period from 2005 to 2009 stood at 26.5%. 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 PRC, reflecting its increasing popularity amongst consumers in PRC and their gradual preference over more traditional alcoholic beverages. For the fiscal year 2011, the wine industry in the PRC is expected to continue enjoying a positive growth.

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 efforts in branding and market expansion via specialty stores and point of sale collaboration with distributions and retail outlets. We expect the specialty stores and point-of-sale to continue penetrate further into our existing markets as well as enter into new geographical regions and contribute positively in 2011.

### 3. Prospects (cont'd)

In January 2011, together with our Fujian Master Distributor, we expanded our strategic marketing collaboration with China Mobile Limited 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 in Fujian on 6 March 2011. More than 600 persons attended 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, for wine producer and brand label whose main markets are in PRC like us would be in a better position to capitalise 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 industry in the remaining period to the end of the 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		Current Year-to-date	
	RMB'000	RM'000	RMB'000	RM'000
PRC income tax	19,950	9,223	19,950	9,223

The PRC Corporate Income Tax (CIT) rate of our only subsidiary Yantai Fazenda Ouhua Winery Co., Ltd for the quarter ended 31 March 2011 and for the previous financial year 31 December 2010 was 25%. Our subsidiary enjoyed 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.

The higher effective tax rate of the Group for the quarter ended 31 March 2011 is mainly attributed to the 10% Withholding Tax on unremitted earnings of subsidiary and on dividend income from subsidiary.

### 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

No purchase or disposal of quoted securities by the Group in the current quarter ended 31 March 2011.

## 8. 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	34,337	By 2 Nov 2012	1,451	4
Enhance the quality of and Control over our material supplies	7,952	-	By 2 Nov 2012	7,952	100
Expansion of our production Capacity and range of wines	11,930	-	By 2 Nov 2012	11,930	100
Enhance R&D capabilities	3,977	-	By 2 Nov 2012	3,977	100
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>54,220</u></b>			

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

## 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. Changes in 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 do 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 March 2011 and 31 March 2010 were computed by dividing the profit net of tax and minority interests for the respective financial period by the weighted average number of ordinary shares of 668,000,000 and 500,000,000 respectively.

The diluted earnings per share for 31 March 2010 were computed by dividing, the profit net of tax and minority interests after adjusting for interest expense, by the weighted average number of ordinary shares of 668,000,000 and 518,500,000 respectively. There was no potential dilutive instrument as at 31 March 2011.

## **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 2010 were not subject to any audit qualification.