

Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED  
 Stock Name : CNOUHUA  
 Financial Period End : 31 MAR 2013  
 Quarter : 1  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MAR 2013



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		CURRENT QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT QUARTER	PRECEDING YEAR CORRESPONDING QUARTER
		31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
		RMB'000	RMB'000	RM'000	RM'000
Revenue		17,528	55,113	8,587	26,999
Cost of sales		(11,714)	(29,381)	(5,739)	(14,393)
Gross Profit		5,814	25,732	2,848	12,606
Finance and other income		675	1,082	331	530
Marketing and distribution		(4,414)	(8,185)	(2,162)	(4,010)
Administrative expenses		(6,862)	(7,164)	(3,362)	(3,510)
Other expense		(32)	(17)	(16)	(8)
Loss before tax		(4,819)	11,448	(2,361)	5,608
Income tax expenses	B4	-	(3,461)	-	(1,696)
<b>Loss net of tax</b>		<b>(4,819)</b>	<b>7,987</b>	<b>(2,361)</b>	<b>3,913</b>
<b>Other comprehensive Income:</b>					
Foreign currency translation		-	-	-	-
<b>Total comprehensive loss for the period</b>		<b>(4,819)</b>	<b>7,987</b>	<b>(2,361)</b>	<b>3,913</b>
<b>Loss attributable to :</b>					
- Owners of the parent		(4,584)	7,555	(2,246)	3,701
- Non-controlling interests		(235)	432	(115)	212
		<b>(4,819)</b>	<b>7,987</b>	<b>(2,361)</b>	<b>3,913</b>
<b>Total comprehensive loss attributable to :</b>					
- Owners of the parent		(4,584)	7,555	(2,246)	3,701
- Non-controlling interests		(235)	432	(115)	212
		<b>(4,819)</b>	<b>7,987</b>	<b>(2,361)</b>	<b>3,913</b>
<b>Loss per share from Group's net loss attributable to shareholders</b>	B11				
Basic (RMB cents / RM sen)		(0.69)	1.13	(0.34)	0.55
Diluted (RMB cents / RM sen)		(0.69)	1.13	(0.34)	0.55

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 RM0.48989 at 31 Mar 2013.

Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED  
 Stock Name : CNOUHUA  
 Financial Period Ended : 31 MAR 2013  
 Quarter : 1  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MAR 2013



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		CURRENT	PRECEDING YEAR	CURRENT	PRECEDING YEAR
		YEAR TO DATE ENDED 31-Mar-13 RMB'000	YEAR TO DATE ENDED 31-Mar-12 RMB'000	YEAR TO DATE ENDED 31-Mar-13 RM'000	YEAR TO DATE ENDED 31-Mar-12 RM'000
Revenue		17,528	55,113	8,587	26,999
Cost of sales		(11,714)	(29,381)	(5,739)	(14,393)
Gross Profit		5,814	25,732	2,848	12,606
Finance and other income		675	1,082	331	530
Marketing and distribution		(4,414)	(8,185)	(2,162)	(4,010)
Administrative expenses		(6,862)	(7,164)	(3,362)	(3,510)
Other expense		(32)	(17)	(16)	(8)
Profit before tax		(4,819)	11,448	(2,361)	5,608
Income tax expenses	B4	-	(3,461)	-	(1,696)
<b>(Loss)/profit net of tax</b>		<b>(4,819)</b>	<b>7,987</b>	<b>(2,361)</b>	<b>3,913</b>
<b>Total comprehensive (loss)/ income for the period</b>		<b>(4,819)</b>	<b>7,987</b>	<b>(2,361)</b>	<b>3,913</b>
<b>(Loss)/profit attributable to :</b>					
- Owners of the parent		(4,584)	7,555	(2,246)	3,701
- Non-controlling interests		(235)	432	(115)	212
<b>Total comprehensive (loss)/ income attributable to :</b>		<b>(4,819)</b>	<b>7,987</b>	<b>(2,361)</b>	<b>3,913</b>
<b>(Loss)/earnings per share from Group's net (loss)/profit attributable to shareholders</b>	B11				
Basic (RMB cents / RM sen)		(0.69)	1.13	(0.34)	0.55
Diluted (RMB cents / RM sen)		(0.69)	1.13	(0.34)	0.55

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 RM0.48489 as at 31 Mar 2013.

Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED  
 Stock Name : CNOUHUA  
 Financial Period Ended : 31 MAR 2013  
 Quarter : 1  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MAR 2013



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAR 2013**

PARTICULARS	NOTE	UNAUDITED	AUDITED	UNAUDITED	AUDITED
		AS AT 31-Mar-13 RMB'000	AS AT 31-Dec-12 RMB'000	AS AT 31-Mar-13 RM'000	AS AT 31-Dec-12 RM'000
<b>ASSETS AND LIABILITIES</b>					
<b>Non-current assets</b>					
Property, plant and equipment		70,801	73,554	34,685	36,033
Biological assets		117,531	115,133	57,577	56,403
Prepayments		7,292	7,344	3,572	3,598
Deferred tax assets		11,742	11,742	5,752	5,752
		<u>207,366</u>	<u>207,773</u>	<u>101,588</u>	<u>101,785</u>
<b>Current assets</b>					
Inventories		81,858	86,935	40,101	42,589
Trade and other receivables		70,952	86,497	34,759	42,374
Short-term investment			100,000		
Cash and cash equivalents		256,272	142,526	125,545	69,822
		<u>409,082</u>	<u>415,958</u>	<u>200,405</u>	<u>154,785</u>
<b>Current liabilities</b>					
Income tax payable		1,090	1,090	534	534
Trade and other payables		12,294	14,610	6,023	7,157
Other liabilities		2,667	2,815	1,307	1,379
		<u>16,051</u>	<u>18,515</u>	<u>7,863</u>	<u>9,071</u>
Net current assets		<u>393,031</u>	<u>397,443</u>	<u>192,542</u>	<u>145,714</u>
<b>Non-current liability</b>					
Deferred tax liabilities		15,299	15,299	7,495	7,495
<b>Net assets</b>		<u>585,098</u>	<u>589,917</u>	<u>286,634</u>	<u>240,004</u>
<b>EQUITY</b>					
Share capital		205,838	205,838	100,838	100,838
Other reserve		30,531	30,531	14,957	14,957
Retained earnings		325,256	329,840	159,339	161,585
Non-controlling interests		23,473	23,708	11,499	11,614
Total equity		<u>585,098</u>	<u>589,917</u>	<u>286,634</u>	<u>288,994</u>
Net Assets per share attributable to equity holders of the Group (RMB / RM)		0.88	0.88	0.43	0.43

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 RM0.48989 as at 31 Mar 2013.

Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED  
 Stock Name : CNOUHUJ  
 Financial Period Ended : 31 MAR 2013  
 Quarter : 1  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MAR 2013



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	Other capital reserves RMB'000	Retained Earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total Equity RMB'000	
(IN RMB)								
At 1 January 2013	205,838	29,508	1,023	329,840	566,209	23,708	589,917	
(Loss)/profit and other comprehensive(loss)/profit for the year	-	-	-	(4,584)	(4,584)	(235)	(4,819)	
At 31 March 2013	205,838	29,508	1,023	325,256	561,625	23,473	585,098	
(IN RM)								
At 1 January 2013	100,838	14,456	501	161,585	277,380	11,614	288,994	
(Loss)/profit and other comprehensive(loss)/profit for the year	-	-	-	(2,246)	(2,246)	(115)	(2,361)	
At 31 March 2013	100,838	14,456	501	159,339	275,134	11,499	286,634	

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the financial statements.)

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 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 RM0.48989 as at 31 Mar 2013.



CHINA OUHUA  
R.O.S. BRANDY

Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED  
 Stock Name : CNOUHUA  
 Financial Period Ended : 31 March 2012  
 Quarter : 1  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

**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	
<i>(IN RMB)</i>							
At 1 January 2012	205,838	29,508	29,508	-	1,023	330,011	590,019
<b>Profit for the period</b>	-	-	-	-	-	7,555	7,987
Other comprehensive loss for the period	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	205,838	29,508	29,508	-	1,023	337,566	598,006
Dividend paid	-	-	-	-	-	-	-
Dividend recovered from last year	-	-	-	-	-	55	55
At 31 March 2012	205,838	29,508	29,508	-	1,023	337,620	598,060
<i>(IN RM)</i>							
At 1 January 2012	100,838	14,456	14,456	-	501	161,669	289,044
<b>Profit for the period</b>	-	-	-	-	-	3,701	3,913
Other comprehensive loss for the period	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	100,838	14,456	14,456	-	501	165,370	292,957

Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED  
 Stock Name : CNOUHUA  
 Financial Period Ended : 31 MAR 2013  
 Quarter : 1



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MAR 2013

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	CURRENT YEAR TO DATE 31-Mar-13 RMB'000	PRECEDING CORRESPONDING YEAR TO DATE 31-Mar-12 RMB'000	CURRENT YEAR TO DATE 31-Mar-13 RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE 31-Mar-12 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	(4,819)	11,448	(2,361)	5,608
Adjustments for :-				
Amortisation of prepayments	52	520	25	255
Depreciation of property, plant and equipment	2,753	2,817	1,349	1,380
Depreciation of biological assets	523	501	256	245
Interest income	(680)	(1,051)	(333)	(515)
<b>Operating profit before working capital changes</b>	<b>(2,171)</b>	<b>14,235</b>	<b>(1,064)</b>	<b>6,975</b>
<i>Decrease/(increase) in:</i>				
Inventories	5,077	10,077	2,487	4,937
Trade and other receivables	15,545	15,235	7,615	7,463
<i>(Decrease)/increase in:</i>				
Trade and other payables	(2,316)	1,722	(1,135)	844
Other liabilities	(148)	(675)	(73)	(331)
<b>Cash flows generated from/(used in) operations</b>	<b>15,987</b>	<b>40,594</b>	<b>7,832</b>	<b>19,888</b>
Income tax paid		(3,306)	-	(1,620)
Interest income received	680	1,051	333	515
<b>Net cash flows generated from/(used in) operating activities</b>	<b>16,667</b>	<b>38,339</b>	<b>8,165</b>	<b>18,782</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment		-	-	-
Loan repaid from Third Party		50,000	-	24,495
Short-term investment recovered	100,000		48,989	
Purchase of biological assets	(2,921)	(2,875)	(1,431)	(1,408)
<b>Net cash flow generated from/(used in) investing activities</b>	<b>97,079</b>	<b>47,125</b>	<b>47,558</b>	<b>23,086</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid to shareholders	-	-	-	-
Dividends paid to non controlling-interests	-	-	-	-
Dividend recovered	-	55	-	27
<b>Net cash flows used in financing activities</b>	<b>-</b>	<b>55</b>	<b>-</b>	<b>27</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>113,746</b>	<b>85,519</b>	<b>55,723</b>	<b>41,895</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>142,526</b>	<b>110,323</b>	<b>69,822</b>	<b>54,046</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>256,272</b>	<b>195,842</b>	<b>125,545</b>	<b>95,941</b>
Cash and cash equivalents at the end of the period comprise the followings:				
Cash on hand and at banks	256,272	195,842	125,545	95,941
	<u>256,272</u>	<u>195,842</u>	<u>125,545</u>	<u>95,941</u>

(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 2011.)

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 RM0.48989 as at 31 Mar 2013.

## **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 31 March 2012 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 2012 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 2013

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. Due to the current unfavourable global and domestic market conditions, the sales did not pick up during the above mentioned period and the fluctuation is not obviously manifested.

### **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 first quarter ended 31 March 2013.

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

There were no material changes in estimates for the financial first quarter ended 31 March 2013.

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

There were no issuances, cancellations, resale and repayments of debt and equity securities for the financial first quarter ended 31 March 2013.

### **6. Dividends Payable**

The Board of directors does not recommend any interim dividend for the current quarter ended 31 March 2013.

## 7. Segment Information

### a) Operating segments

	White Wine RMB'000	Red Wine RMB'000	Total RMB'000
<b><u>3 months ended 31 March 2013</u></b>			
<b>Revenue</b>			
Sales to external customers	3,216	14,312	17,528
<b>Results</b>			
Segment gross profit	1,008	4,806	5,814
Unallocated expenses, net			(11,313)
Interest income			680
Interest expense			-
Loss before tax			(4,819)
Income tax expense			
Net loss			(4,819)

	White Wine RMB'000	Red Wine RMB'000	Total RMB'000
<b><u>3 months ended 31 March 2012</u></b>			
<b>Revenue</b>			
Sales to external customers	8,847	46,266	55,113
<b>Results</b>			
Segment gross profit	4,068	21,664	25,732
Unallocated expenses, net			(15,335)
Interest income			1,051
Interest expense			-
Profit before tax			11,448
Income tax expense			(3,461)
Net profit			7,987

### Other segment information

	International Label RMB'000	Own Label RMB'000	Total RMB'000
<b><u>3 months ended 31 March 2013</u></b>			
<b>Revenue</b>			
Sales to external customers	4,931	12,597	17,528

	International Label RMB'000	Own Label RMB'000	Total RMB'000
<b><u>3 months ended 31 March 2012</u></b>			
<b>Revenue</b>			
Sales to external customers	14,736	40,377	55,113

### 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 first quarter 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 financial first quarter ended 31 March 2013.

## 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 statement of financial position date.

## 11. Valuation of property, plant and equipment

There was no revaluation of property, plant and equipment during the financial first quarter ended 31 March 2013.

## 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 first quarter ended 31 March 2013.

## 13. Retained Earnings

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

	As at 31 Dec 2012		As at 31Mar 2013	
	RMB'000	RM'000	RMB'000	RM'000
Realised retained profits:	333,399	163,329	325,256	159,340
Unrealised retained profits:	(3,560)	(1,744)	(3,560)	(1,744)
	-----	-----	-----	-----
Total group retained profits:	329,839	161,585	321,696	157,596
	=====	=====	=====	=====

## 14. Recurring related party transactions

For the financial period ended 31 March 2013, the Group rented office and factory premises from a director-related company, Yantai Ouhua Winery Co., Ltd, with rental expense amounting to RMB 189,000.

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

### 1. Review of the performance of the Group

For the financial first quarter ended 31 March 2012 ("3M2013"), the Group revenue decreased by RMB37.58 million or 68.19% to RMB17.53 million, from RMB55.11 million in the previous corresponding period ended 31 March 2012 ("3M2012"). Profit before tax decreased by RMB16.27 million or 142.10% from RMB11.45 million in 3M2012 to RMB-4.82 million in 3M2013. Meanwhile, the Group profit after tax decreased by RMB60.04 million or 160.32% from RMB7.99 million in 3M2012 to RMB-4.82 million in 3M2013.

For the current quarter, the Group recorded a revenue decrease of RMB9.39 million from RMB26.92 million to RMB17.53 million and a decrease in loss net of tax of RMB6.1 million from RMB11.07 million to RMB4.82 million, both from the immediate preceding quarter ended 31 December 2012.

The decrease of sales from the corresponding period in 2012 is mainly due to the downward trends of the whole winery market in PRC, which lead to the sales decrease of the grape wine.

### 2. Prospects

Due to various measures introduced by the Chinese government to curb drink driving and to reduce public entertainment spending, the consumption of the grape wine is seriously affected and consequently led to a substantial decrease in sales across the winery industry. We envisaged that the downward trend might continue for the near future.

In order to overcome current situation, the Group is taking a conservative approach on its market strategy. We will reduce production to cope with the change of the market and will keep up the promotion campaigns with the distributors to maintain our market share whilst wait for the favourable turn of the winery market.

### 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 first quarter ended 31 March 2013.

## 6. Purchase or disposal of quoted securities

No purchase or disposal of quoted securities by the Group in the financial first quarter ended 31 March 2013.

## 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 FazendaOhua 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
<b>Total</b>	<b><u>79,530</u></b>	<b><u>79,530</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.

## 8. Group borrowings and debts securities

Our Group has no borrowings and debts securities as at the reporting date of the first 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 31 March 2013 and 31 March 2012 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 31 March 2013.

## **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 2012 were not subject to any audit qualification.