

Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED  
 Stock Name : CNOUHUA  
 Financial Period End : 31 DEC 2013  
 Quarter : 4



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DEC 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-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
		RMB'000	RMB'000	RM'000	RM'000
Revenue		5,070	26,919	2,487	13,204
Cost of sales		(4,533)	(16,636)	(2,223)	(8,160)
Gross Profit		537	10,283	263	5,044
Finance and other income		603	952	296	467
Marketing and distribution		(658)	(2,880)	(323)	(1,413)
Administrative expenses		(72,567)	(15,606)	(35,595)	(7,655)
Other expense		(84)	(28)	(41)	(14)
(Loss)/profit before tax		(72,169)	(7,279)	(35,400)	(3,570)
Income tax expenses	B4	(11,742)	(3,791)	(5,738)	(1,860)
(Loss)/profit net of tax		(83,911)	(11,070)	(41,137)	(5,430)
<b>Other comprehensive Income:</b>					
Foreign currency translation		-	-	-	-
<b>Total comprehensive (loss)/income for the period</b>		<b>(83,911)</b>	<b>(11,070)</b>	<b>(41,137)</b>	<b>(5,430)</b>
<b>(Loss)/profit attributable to :</b>					
- Owners of the parent		(79,738)	(10,527)	(39,090)	(5,164)
- Non-controlling interests		(4,173)	(543)	(2,047)	(266)
		<b>(83,911)</b>	<b>(11,070)</b>	<b>(41,137)</b>	<b>(5,430)</b>
<b>Total comprehensive (loss)/income attributable to :</b>					
- Owners of the parent		(79,738)	(10,527)	(39,090)	(5,164)
- Non-controlling interests		(4,173)	(543)	(2,047)	(266)
		<b>(83,911)</b>	<b>(11,070)</b>	<b>(41,137)</b>	<b>(5,430)</b>
<b>(Loss)/earnings per share from Group's net (loss)/profit attributable to shareholders</b>	B11				
Basic (RMB cents / RM sen)		(11.94)	(1.58)	(5.86)	(0.78)
Diluted (RMB cents / RM sen)		(11.94)	(1.58)	(5.86)	(0.78)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the financial statements.)

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 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DEC 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-Dec-13 RMB'000	YEAR TO DATE ENDED 31-Dec-12 RMB'000	YEAR TO DATE ENDED 31-Dec-13 RM'000	YEAR TO DATE ENDED 31-Dec-12 RM'000
Revenue		36,495	155,500	17,901	76,274
Cost of sales		(27,635)	(89,760)	(13,555)	(44,028)
Gross Profit		8,860	65,740	4,346	32,246
Finance and other income		1,952	2,633	957	1,292
Marketing and distribution		(11,816)	(24,743)	(5,796)	(12,137)
Administrative expenses		(87,839)	(34,738)	(43,086)	(17,039)
Other expense		(327)	(41)	(160)	(20)
(Loss)/profit before tax		(89,170)	8,851	(43,739)	4,342
Income tax expenses	B4	(11,742)	(8,953)	(5,760)	(4,392)
<b>(Loss)/profit net of tax</b>		<b>(100,912)</b>	<b>(102)</b>	<b>(49,498)</b>	<b>(50)</b>
<b>Total comprehensive (loss)/ income for the period</b>		<b>(100,912)</b>	<b>(102)</b>	<b>(49,498)</b>	<b>(50)</b>
<b>(Loss)/profit attributable to :</b>					
- Owners of the parent		(95,913)	(171)	(47,046)	(84)
- Non-controlling interests		(4,999)	69	(2,452)	34
		<b>(100,912)</b>	<b>(102)</b>	<b>(49,498)</b>	<b>(50)</b>
<b>Total comprehensive (loss)/ income attributable to :</b>					
- Owners of the parent		(95,913)	(171)	(47,046)	(84)
- Non-controlling interests		(4,999)	69	(2,452)	34
		<b>(100,912)</b>	<b>(102)</b>	<b>(49,498)</b>	<b>(50)</b>
<b>(Loss)/earnings per share from Group's net (loss)/profit attributable to shareholders</b>	B11				
Basic (RMB cents / RM sen)		(14.36)	(0.03)	(7.04)	(0.01)
Diluted (RMB cents / RM sen)		(14.36)	(0.03)	(7.04)	(0.01)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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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 Quarter : 4  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DEC 2013



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

PARTICULARS	NOTE	UNAUDITED	AUDITED	UNAUDITED	AUDITED
		AS AT 31-Dec-13 RMB'000	AS AT 31-Dec-12 RMB'000	AS AT 31-Dec-13 RM'000	AS AT 31-Dec-12 RM'000
<b>ASSETS AND LIABILITIES</b>					
<b>Non-current assets</b>					
Property, plant and equipment		64,847	73,554	31,808	36,079
Biological assets		65,626	115,133	32,190	56,474
Prepayments		7,136	7,344	3,500	3,602
Deferred tax assets		-	11,742	-	5,760
		<u>137,609</u>	<u>207,773</u>	<u>67,499</u>	<u>101,915</u>
<b>Current assets</b>					
Inventories		80,470	86,935	39,471	42,642
Trade and other receivables		57,932	86,497	28,416	42,428
Prepayments		118,800		58,273	
Short-term investment			100,000		49,051
Cash and cash equivalents		121,639	142,526	59,665	69,911
		<u>378,841</u>	<u>415,958</u>	<u>185,825</u>	<u>204,032</u>
<b>Current liabilities</b>					
Income tax payable		1,090	1,090	535	535
Trade and other payables		9,757	14,610	4,785	7,165
Other liabilities		2,194	2,815	1,076	1,381
		<u>13,041</u>	<u>18,515</u>	<u>6,396</u>	<u>9,081</u>
Net current assets		<u>365,800</u>	<u>397,443</u>	<u>179,430</u>	<u>194,951</u>
<b>Non-current liability</b>					
Deferred tax liabilities		15,299	15,299	7,504	7,504
<b>Net assets</b>		<u>488,110</u>	<u>589,917</u>	<u>239,424</u>	<u>289,361</u>
<b>EQUITY</b>					
Share capital		205,838	205,838	100,966	100,966
Other reserve		30,531	30,531	14,976	14,976
Retained earnings		233,032	329,840	114,305	161,790
Non-controlling interests		18,709	23,708	9,177	11,629
Total equity		<u>488,110</u>	<u>589,917</u>	<u>239,424</u>	<u>289,361</u>

Net Assets per share attributable to equity holders of the Group (RMB / RM) 0.73 0.88 0.36 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 2012 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 RM0.49051 as at 31 Dec 2013.

Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED  
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 Financial Period Ended : 31 DEC 2013  
 Quarter : 4



**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DEC 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	
(IN RMB)						
At 1 January 2013	205,838	29,508	1,023	329,840	566,209	589,917
(Loss)/profit and other comprehensive(loss)/profit for the year	-	-	-	(95,913)	(95,913)	(100,912)
Income tax settlement adjustment for 2012				(895)	(895)	(895)
At 31 December 2013	205,838	29,508	1,023	233,032	469,401	488,110
(IN RM)						
At 1 January 2013	100,966	14,474	502	161,790	277,731	289,360
(Loss)/profit and other comprehensive(loss)/profit for the year	-	-	-	(47,046)	(47,046)	(49,498)
Income tax settlement adjustment for 2012				(439)	(439)	(439)
At 31 December 2013	100,966	14,474	502	114,305	230,247	239,424

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 RM0.49051 as at 31 Dec 2013.



Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED  
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 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DEC 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	Foreign currency translation reserves RMB'000	Other capital reserves RMB'000	Retained Earnings RMB'000	Total RMB'000	
<i>(IN RMB)</i>							
At 1 January 2012	205,838	29,508	-	1,023	330,011	566,380	590,019
Profit for the period	-	-	-	-	(171)	(171)	(102)
At 31 December 2012	205,838	29,508	-	1,023	329,840	566,209	589,917
<i>(IN RM)</i>							
At 1 January 2012	100,966	14,474	-	502	161,874	277,816	289,411
Profit for the period	-	-	-	-	(84)	(84)	(50)
At 31 December 2012	100,966	14,474	-	502	161,790	277,732	289,361

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the financial statements.)

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DEC 2013

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	CURRENT YEAR TO DATE 31-Dec-13 RMB'000	PRECEDING CORRESPONDING YEAR TO DATE 31-Dec-12 RMB'000	CURRENT YEAR TO DATE 31-Dec-13 RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE 31-Dec-12 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	(89,170)	8,851	(43,739)	4,342
Adjustments for :-				
Amortisation of prepayments	208	208	102	102
Depreciation of property, plant and equipment	9,586	12,168	4,702	5,969
Depreciation of biological assets	-	6,127	-	3,005
Impairment of biological assets	60,207	-	29,532	-
Provision for bad debts	11,097	-	5,443	-
Interest income	(1,312)	(1,791)	(644)	(879)
<b>Operating profit before working capital changes</b>	<b>(9,384)</b>	<b>25,563</b>	<b>(4,603)</b>	<b>12,540</b>
<i>Decrease/(increase) in:</i>				
Inventories	6,465	(3,439)	3,171	(1,687)
Trade and other receivables	(101,333)	95,557	(49,705)	46,871
<i>(Decrease)/increase in:</i>				
Trade and other payables	(4,853)	(905)	(2,380)	(444)
Other liabilities	(621)	(2,110)	(305)	(1,035)
<b>Cash flows generated from/(used in) operations</b>	<b>(109,726)</b>	<b>114,666</b>	<b>(53,822)</b>	<b>56,245</b>
Income tax paid	(895)	(12,275)	(439)	(6,021)
Interest income received	1,312	1,791	644	879
<b>Net cash flows generated from/(used in) operating activities</b>	<b>(109,309)</b>	<b>104,182</b>	<b>(53,617)</b>	<b>51,102</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(878)	(7,383)	(431)	(3,621)
Loan repaid from Third Party	-	50,000	-	24,526
Short-term investment recovered	100,000	-	49,051	-
Purchase of biological assets	(10,700)	(14,712)	(5,248)	(7,216)
<b>Net cash flow generated from/(used in) investing activities</b>	<b>88,422</b>	<b>27,905</b>	<b>43,372</b>	<b>13,688</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid to shareholders	-	-	-	-
Dividends paid to non controlling-interests	-	-	-	-
Dividend recovered	-	-	-	-
<b>Net cash flows used in financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(20,887)</b>	<b>132,087</b>	<b>(10,245)</b>	<b>64,790</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>142,526</b>	<b>110,323</b>	<b>69,910</b>	<b>54,115</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>121,639</b>	<b>242,410</b>	<b>59,665</b>	<b>118,905</b>
<b>Cash and cash equivalents at the end of the period comprise the followings:</b>				
Cash on hand and at banks	121,639	242,410	59,665	118,905
	<b>121,639</b>	<b>242,410</b>	<b>59,665</b>	<b>118,905</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 2012)

Note:  
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## **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 year ended 31 December 2013 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 fourth quarter ended 31 December 2013.

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

There were no material changes in estimates for the financial fourth quarter ended 31 December 2013.

### **5. Prepayments in Current assets**

The prepayments RMB118.80 million in current assets is two payments for acquisition by Yantai Fazenda Ouhua Winery Co., Ltd, of all that land and buildings located at No. 3, Wolong North Road, Yantai City that has been used for a total cash consideration of RMB132million

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

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

## 7. Dividends Payable

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

## 8. Segment Information

### a) Operating segments

	White Wine	Red Wine	Total
<u>12 months ended 31 December 2013</u>	RMB'000	RMB'000	RMB'000
<b>Revenue</b>			
Sales to external customers	6,820	29,675	36,495
<b>Results</b>			
Segment gross profit	1,478	7,382	8,860
Unallocated expenses, net			(99,342)
Interest income			1,312
Interest expense			-
Loss before tax			(89,170)
Income tax expense			(11,742)
Net loss			(100,912)
	<b>White Wine</b>	<b>Red Wine</b>	<b>Total</b>
<u>12 months ended 31 December 2012</u>	RMB'000	RMB'000	RMB'000
<b>Revenue</b>			
Sales to external customers	32,365	123,135	155,500
<b>Results</b>			
Segment gross profit	12,885	52,855	65,740
Unallocated expenses, net			(58,680)
Interest income			1,791
Interest expense			-
Profit before tax			8,851
Income tax expense			(8,953)
Net profit			(102)

### Other segment information

	International Label	Own Label	Total
<u>12 months ended 31 December 2013</u>	RMB'000	RMB'000	RMB'000
<b>Revenue</b>			
Sales to external customers	9,842	26,653	36,495



	International Label	Own Label	Total
<b><u>12 months ended 31 December 2012</u></b>	RMB'000	RMB'000	RMB'000
<b>Revenue</b>			
Sales to external customers	52,886	102,614	155,500

**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 fourth 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 fourth quarter ended 31 December 2013.

**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 fourth quarter ended 31 December 2013.

**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 fourth quarter ended 31 December 2013.

**14. 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 31 Dec 2013	
	RMB'000	RM'000	RMB'000	RM'000
Realised retained profits:	333,400	163,536	236,592	116,051
Unrealised retained profits:	(3,560)	(1,746)	(3,560)	(1,746)
	-----	-----	-----	-----
Total group retained profits:	329,840	161,790	233,032	114,305
	=====	=====	=====	=====

## 15. Recurring related party transactions

For the financial year ended 31 December 2013, 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.

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

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

For the financial year ended 31 December 2013 ("12M2013"), the Group revenue decreased by RMB119.01million or 76.53% to RMB36.50 million, from RMB155.50 million in the previous corresponding period ended 31 December 2012 ("12M2012"). Profit before tax decreased by RMB98.21 million from RMB8.85 million in 12M2012 to RMB-89.17 million in 12M2013. Meanwhile, the Group loss after tax increased by RMB100.81million from RMB-0.1 million in 12M2012 to RMB-100.91 million in 12M2013

For the current quarter, the Group recorded a revenue decrease of RMB0.82 million from RMB5.89 million to RMB5.07 million and an increase in loss net of tax of RMB77.33 million from RMB-6.58 million to RMB-83.91 million, both from the immediate preceding quarter ended 30 September 2013.

The decrease of sales as compared with the corresponding period in 2012 is mainly due to the continuous downward trends of the whole winery market in PRC, which lead to the further sales decrease of the grape wine. The great increase of loss net of tax is mainly due to three sides: a) RMB11.10 million bad debts loss of trade receivables that can not be collected of four small clients; b) RMB60.21million impairment loss of biological assets confirmed according to the valuation. The impairment has been caused by abnormal climate, which lead to large death of grape trees in Yantai area. c) Deferred tax assets RMB 11.74 million returned to income tax expenses

### 2. Prospects

Due to the current challenging global and domestic market conditions, coupled with various unfavourable measures introduced by the Chinese government to curb drink driving, promote frugal spending lifestyle and substantial reduction on its entertainment budget expenses, the consumption of the grape wine has been seriously affected and consequently led to a huge decrease in sales of the winery industry throughout the country. The decrease has been going on along with these unfavourable measures'

continuous executing. We envisaged that the downward trend is likely to continue in the near future.

Facing with the unavoidable sluggish external market environment and the increasingly competitive grape winery market in China, the Group made efforts to improve the sales revenue but get no effects. So the Group will continue remaining steadfast and adopting conservative approach in our overall strategy. We reduce our winery production in line with the current poor market demand whilst waiting 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	11,742	5,738	11,742	5,738

### 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 fourth quarter ended 31 December 2013.

### 6. Purchase or disposal of quoted securities

No purchase or disposal of quoted securities by the Group in the financial fourth quarter ended 31 December 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 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
<b>Total</b>	<b>79,530</b>	<b>79,530</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 fourth 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 December 2013 and 31 December 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 December 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.