

Company Name : CHINA OIHUA WINERY HOLDINGS LIMITED
 Stock Name : CNOIHUA
 Financial Period End : 31 DECEMBER 2016
 Quarter : 4



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		CURRENT	PRECEDING YEAR	CURRENT	PRECEDING YEAR
		QUARTER	CORRESPONDING	QUARTER	CORRESPONDING
		31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
		RMB'000	RMB'000	RM'000	RM'000
Revenue		6,391	6,759	4,116	4,353
Cost of sales		(5,065)	5,942	(3,262)	3,827
Gross Profit		1,326	12,701	854	8,180
Finance and other income		29	209	19	135
Marketing and distribution		(3,929)	(790)	(2,531)	(509)
Administrative expenses		(23,644)	(12,603)	(15,228)	(8,117)
Other expense		(48)		(31)	-
(Loss)/profit before tax		(26,266)	(483)	(16,917)	(311)
Income tax expenses	B4	-	-	-	-
(Loss)/profit net of tax		(26,266)	(483)	(16,917)	(311)
Other comprehensive Income:					
Foreign currency translation		-	-	-	-
Total comprehensive (loss)/income for the period		(26,266)	(483)	(16,917)	(311)
(Loss)/profit attributable to :					
- Owners of the parent		(24,982)	(479)	(16,090)	(308)
- Non-controlling interests		(1,284)	(4)	(827)	(3)
		(26,266)	(483)	(16,917)	(311)
Total comprehensive (loss)/income attributable to :					
- Owners of the parent		(24,982)	(479)	(16,090)	(308)
- Non-controlling interests		(1,284)	(4)	(827)	(3)
		(26,266)	(483)	(16,917)	(311)
(Loss)/earnings per share from Group's net (loss)/profit attributable to shareholders	B11				
Basic (RMB cents / RM sen)		(3.74)	(0.07)	(2.41)	(0.05)
Diluted (RMB cents / RM sen)		(3.74)	(0.07)	(2.41)	(0.05)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the financial statements.)

Note:

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 RM0.64406 as at 31 Dec 2016.

Company Name : CHINA OIHUA WINERY HOLDINGS LIMITED
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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

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-16 RMB'000	YEAR TO DATE ENDED 31-Dec-15 RMB'000	YEAR TO DATE ENDED 31-Dec-16 RM'000	YEAR TO DATE ENDED 31-Dec-15 RM'000
Revenue		13,814	12,964	8,897	8,350
Cost of sales		(13,039)	(12,635)	(8,398)	(8,267)
Gross Profit		775	129	499	83
Finance and other income		138	411	89	265
Marketing and distribution		(10,397)	(6,826)	(6,696)	(4,396)
Administrative expenses		(30,763)	(20,166)	(19,813)	(12,989)
Other expense		(90)	(146)	(58)	(94)
(Loss)/profit before tax		(40,337)	(26,598)	(25,979)	(17,131)
Income tax expenses	B4	-	-	-	-
(Loss)/profit net of tax		(40,337)	(26,598)	(25,979)	(17,131)
Total comprehensive (loss)/ income for the period		(40,337)	(26,598)	(25,979)	(17,131)
(Loss)/profit attributable to :					
- Owners of the parent		(38,361)	(25,300)	(24,706)	(16,295)
- Non-controlling interests		(1,976)	(1,298)	(1,273)	(836)
		(40,337)	(26,598)	(25,979)	(17,131)
Total comprehensive (loss)/ income attributable to :					
- Owners of the parent		(38,361)	(25,300)	(24,706)	(16,295)
- Non-controlling interests		(1,976)	(1,298)	(1,273)	(836)
		(40,337)	(26,598)	(25,979)	(17,131)
(Loss)/earnings per share from Group's net (loss)/profit attributable to shareholders	B11				
Basic (RMB cents / RM sen)		(5.74)	(3.79)	(3.70)	(2.44)
Diluted (RMB cents / RM sen)		(5.74)	(3.79)	(3.70)	(2.44)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the financial statements.)

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Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED
 Stock Name : CNOUHUA
 Financial Period Ended : 31 DECEMBER 2016
 Quarter : 4



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

PARTICULARS	NOTE	UNAUDITED	AUDITED	UNAUDITED	AUDITED
		AS AT 31-Dec-16 RMB'000	AS AT 31-Dec-15 RMB'000	AS AT 31-Dec-16 RM'000	AS AT 31-Dec-15 RM'000
ASSETS AND LIABILITIES					
<i>Non-current assets</i>					
Property, plant and equipment		42,963	47,260	27,671	30,438
Biological assets		-	-	-	-
Prepayments		-	-	-	-
		<u>42,963</u>	<u>47,260</u>	<u>27,671</u>	<u>30,438</u>
<i>Current assets</i>					
Inventories		58,342	60,845	37,576	39,188
Trade and other receivables		17,051	23,452	10,981	15,104
Prepayments		118,813	118,955	76,523	76,614
Cash and cash equivalents		26,316	53,777	16,949	34,636
		<u>220,522</u>	<u>257,029</u>	<u>142,029</u>	<u>165,542</u>
<i>Current liabilities</i>					
Trade and other payables		9,638	10,132	6,207	6,526
Other liabilities		686	659	442	424
		<u>10,324</u>	<u>10,791</u>	<u>6,649</u>	<u>6,950</u>
Net current assets		<u>210,198</u>	<u>246,238</u>	<u>135,380</u>	<u>158,592</u>
<i>Non-current liability</i>					
Deferred tax liabilities		15,299	15,299	9,853	9,853
Net assets		<u>237,862</u>	<u>278,199</u>	<u>153,198</u>	<u>179,177</u>
EQUITY					
Share capital		205,838	205,838	132,572	132,572
Other reserve		30,531	30,531	19,664	19,664
Retained earnings		(4,778)	33,583	(3,077)	21,629
Non-controlling interests		6,271	8,247	4,039	5,312
Total equity		<u>237,862</u>	<u>278,199</u>	<u>153,198</u>	<u>179,177</u>
Net Assets per share attributable to equity holders of the Group (RMB / RM)		0.36	0.42	0.23	0.27

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the financial statements.)

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 RM0.64406 as at 31 Dec 2016.

Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED
 Stock Name : CNOUHUA
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 Quarter : 4



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	←		Attributable to Equity Holders of The Group				→	
	Share Capital	Reserve funds	Statutory Reserve funds	Other capital reserves	Retained Earnings	Total	Non-controlling interests	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(IN RMB)								
At 1 January 2016	205,838	29,508	1,023	33,583	269,952	8,247	278,199	
(Loss)/profit and other comprehensive(loss)/profit for the year	-	-	-	(38,361)	(38,361)	(1,976)	(40,337)	
At 31 December 2016	205,838	29,508	1,023	(4,778)	231,591	6,271	237,862	
(IN RM)								
At 1 January 2016	132,572	19,005	659	21,629	173,865	5,312	179,177	
(Loss)/profit and other comprehensive(loss)/profit for the year	-	-	-	(24,707)	(24,707)	(1,273)	(25,979)	
At 31 December 2016	132,572	19,005	659	(3,077)	149,159	4,039	153,198	

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the financial statements.)

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Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED
 Stock Name : CNOUHUA
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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

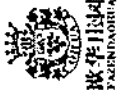
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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	
(IN RMB)							
At 1 January 2015	205,838	29,508	-	1,023	58,883	295,252	304,797
Profit for the period	-	-	-	-	(25,300)	(25,300)	(26,598)
At 31 December 2015	205,838	29,508	-	1,023	33,583	269,952	278,199
(IN RM)							
At 1 January 2015	132,572	19,005	-	659	37,924	190,160	196,308
Profit for the period	-	-	-	-	(16,295)	(16,295)	(17,131)
At 31 December 2015	132,572	19,005	-	659	21,629	173,865	179,177

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the financial statements.)

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 RM0.64406 as at 31 Dec 2016.



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	CURRENT YEAR TO DATE 31-Dec-16 RMB'000	PRECEDING CORRESPONDING YEAR TO DATE 31-Dec-15 RMB'000	CURRENT YEAR TO DATE 31-Dec-16 RM'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE 31-Dec-15 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	(40,337)	(26,598)	(25,979)	(17,131)
Adjustments for :-				
Depreciation and amortisation expenses	4,206	4,276	2,709	2,754
Impairment loss on PPE	-	-	-	-
Loss on disposal of PPE	90	146	58	94
Depreciation of biological assets	-	-	-	-
Impairment loss on inventories	10,817	-	6,966	-
Impairment loss on trade receivables	7,193	925	4,633	596
Loss on disposal of biological assets	-	-	-	-
Impairment loss on inventories	-	7,430	-	4,786
Write-off of prepayments	-	-	-	-
Other payables write-off	-	(170)	-	(109)
Gains arising from initial recognition of harvested grapes	-	-	-	-
Interest income	(138)	(240)	(89)	(155)
Operating profit before working capital changes	(18,169)	(14,231)	(11,702)	(9,165)
<i>Decrease/(increase) in:</i>				
Inventories	(8,314)	(2,215)	(5,355)	(1,427)
Trade and other receivables	(650)	(7,776)	(419)	(5,007)
<i>(Decrease)/increase in:</i>				
Trade and other payables	(494)	623	(318)	401
Other liabilities	27	(359)	17	(231)
Cash flows generated from/(used in) operations	(27,600)	(23,958)	(17,777)	(15,429)
Income tax paid	-	-	-	-
Interest income received	138	240	89	154
Net cash flows generated from/(used in) operating activities	(27,462)	(23,718)	(17,688)	(15,275)
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	-	(222)	-	(143)
Loan repaid from Third Party	-	-	-	-
Proceeds from sale of PPE	1	5	1	3
Purchase of biological assets	-	-	-	-
Net cash flow generated from/(used in) investing activities	1	(217)	1	(140)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid to shareholders	-	-	-	-
Dividends paid to non controlling-interests	-	-	-	-
Dividend recovered	-	-	-	-
Net cash flows used in financing activities	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(27,461)	(23,935)	(17,687)	(15,415)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	53,777	77,712	34,636	50,051
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	26,316	53,777	16,949	34,636
Cash and cash equivalents at the end of the period comprise the followings:				
Cash on hand and at banks	26,316	53,777	16,949	34,636
	26,316	53,777	16,949	34,636

(The accompanying explanatory notes form an integral part of and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2015)

Note:

The functional and presentation currency of this unaudited interim financial statement is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") shown is for reference only and is based on the exchange rate of RMB1 to RM0.64406 as at 31 Dec 2016.

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 2016 are unaudited and have been prepared in accordance with the requirements of International Financial Reporting Standards ("IFRS") and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The condensed consolidated financial statements should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to this financial report.

b) Changes in accounting policies

At the date of this report, the Group has adopted certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods after 1 January 2016.

The directors do not anticipate that the adoption of the new standards (including consequential amendments) and interpretations will result in any material impact to the financial statements.

2. Seasonality or cyclicity of operation

The business of the Group is generally affected by seasonal factors. Typically 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 such as Christmas, New Year and the Lunar New Year.

3. Unusual items due to nature, size or incidence

There were no unusual items reported that will affect the assets, liabilities, equity, net income or cash flows of the Group for the financial year ended 31 December 2016.

4. Changes in estimates

There were no material changes in estimates for the financial year ended 31 December 2016.

5. Prepayments in Current assets

The deposits in current assets include RMB118.80 million, being 90% of total cash consideration price of RMB132 million, which consist of two payments made by Yantai Fazenda Ouhua Winery Co., Ltd., for acquisition of the land, buildings and ancillary facilities located at No. 3, Wolong North Road, Yantai City.

6. Changes in share capital and debts

There were no changes in share capital and debts for the financial year ended 31 December 2016.

7. Dividends Payable

The Board of directors does not recommend any interim dividend for the current quarter ended 31 December 2016.

8. Segment Information

a) Operating segments

<u>12 months ended 31 December 2016</u>	White Wine RMB'000	Red Wine RMB'000	Total RMB'000
Revenue			
Sales to external customers	3,447	10,367	13,814
Results			
Segment gross profit	184	591	775
Unallocated expenses, net			(41,250)
Interest income			138
Interest expense			-
Loss before tax			(40,337)
Income tax expense			-
Net loss			(40,337)
	White Wine	Red Wine	Total
<u>12 months ended 31 December 2015</u>	RMB'000	RMB'000	RMB'000
Revenue			
Sales to external customers	1,654	11,310	12,964
Results			
Segment gross profit	(271)	400	129
Unallocated expenses, net			(26,967)
Interest income			240
Interest expense			-
Loss before tax			(26,598)
Income tax expense			-
Net loss			(26,598)

Other segment information

<u>12 months ended 31 December 2016</u>	International Label RMB'000	Own Label RMB'000	Total RMB'000
Revenue			
Sales to external customers	5,397	8,417	13,814

	International Label	Own Label	Total
<u>12 months ended 31 December</u>			
<u>2015</u>	RMB'000	RMB'000	RMB'000
Revenue			
Sales to external customers	5,659	7,305	12,964

b) Geographical segments

Segmented information by geographical region is not applicable for the financial year ended 31 December 2016 as the business operations of the Group is only carried out in the PRC.

9. Subsequent events

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

10. Changes in the composition of the Group

There were no changes in the composition of the Group during the financial year ended 31 December 2016.

11. Contingent liabilities or assets

No material contingent liabilities and assets, which upon becoming enforceable may have a material effect on the financial position of the Group since the last annual statement of financial position date.

12. Valuation of property, plant and equipment

There was no revaluation of property, plant and equipment during the financial year ended 31 December 2016.

13. Capital commitments

There are no material capital commitments, which upon becoming enforceable, may have a material effect on the financial position of the Group for the financial year ended 31 December 2016.

14. Retained Earnings

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

	As at 31 Dec 2015		As at 31 Dec 2016	
	RMB'000	RM'000	RMB'000	RM'000
Realised retained profits:	48,882	31,482	10,521	6,776
Unrealised retained profits:	(15,299)	(9,853)	(15,299)	(9,853)
Total group retained profits:	33,583	21,629	(4,778)	(3,077)

15. Recurring related party transactions

For the financial year ended 31 December 2016, the Group rented office and factory premises from a director-related company, Yantai Ouhua Winery Co., Ltd, with rental expense amounting to RMB793,800.

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

1. Review of the performance of the Group

For the financial year ended 31 December 2016 ("12M2016"), the Group revenue increased by RMB0.85 million or 6.56% to RMB13.81 million, from RMB12.96 million in the previous corresponding period ended 31 December 2015 ("12M2015"). Loss before (net of) tax increased by RMB13.74 million from RMB26.60 million in 12M2015 to RMB40.34 million in 12M2016. The reason for the increase in loss before (net of) tax is mainly due to the provisions for allowance of slow moving inventories and impairment of trade receivables.

For the current quarter, the Group recorded an increase in revenue of RMB2.73 million from RMB3.66 million to RMB6.39 million and an increase in loss net of tax of RMB20.08 million from RMB6.19 million to RMB26.27 million as compared to the immediate preceding quarter ended 30 September 2016.

2. Prospects

The competition of wine market in China remains highly competitive because domestic wine producers are facing with strong competition with imported wine products. The Group has stepped up its marketing activities and sent its sales and marketing team to provide excellent customer services to existing long term supportive customers. Besides, the Group is also planning to explore, develop, target new wine market and new customers via online internet sales platform. In addition, the Group is trying to broaden the vision of future development and will continue to strive, explore and seek for feasible business development opportunities.

3. Profit forecast and guarantee

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

4. Income tax charge

	Current Quarter		Current Year-to-date	
	RMB'000	RM'000	RMB'000	RM'000
PRC income tax	-	-	-	-

No provision for taxation as the Group has incurred losses for the financial period.

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 year ended 31 December 2016.

6. Purchase or disposal of quoted securities

No purchase or disposal of quoted securities by the Group in the financial year ended 31 December 2016.

7. Status of corporate proposals and utilisation of proceeds

There is no corporate proposals announced but pending computation as at the date of this report.

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, there were no off-balance sheet financial instruments.

10. Changes in material litigation

As at the date of this report, the Group has not engaged in any legal proceedings which may materially affect the financial position of the Group, and the 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 the Group.

11. (Loss)/Earnings per share

(Loss)/Earnings per share for 31 December 2016 and 31 December 2015 were computed by dividing the (loss)/profit net of tax and minority interests of the respective financial period by the weighted average number of ordinary shares of 668,000,000 each respectively. There was no potential dilutive instrument as at 31 December 2016.



12. Audit report of the Group's preceding annual and immediate financial statements

The Group's audited financial statements for the financial year ended 31 December 2015 were subject to qualified opinion.