

Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED  
 Stock Name : CNOUHUA  
 Financial Period Ended : 31 MARCH 2021  
 Quarter : 1  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021**



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

| PARTICULARS  | NOTE | CUMULATIVE QUARTER                            |   | CUMULATIVE QUARTER                           |  |
|--|------|---|---|--|--|
|  |      | CURRENT                                       | PRECEDING YEAR                                | CURRENT                                      | PRECEDING YEAR                               |
|  |      | YEAR TO DATE<br>ENDED<br>31/Mar/21<br>RMB'000 | YEAR TO DATE<br>ENDED<br>31/Mar/20<br>RMB'000 | YEAR TO DATE<br>ENDED<br>31/Mar/21<br>RM'000 | YEAR TO DATE<br>ENDED<br>31/Mar/20<br>RM'000 |
| Revenue  |      | 1,355   | 1,878   | 838  | 1,161  |
| Cost of sales  |      | (1,329)                                       | (1,824)                                       | (822)  | (1,128)                                      |
| Gross Profit   |      | 26  | 54  | 16   | 33   |
| Finance and other income   |      | 20  | 16  | 12   | 10   |
| Marketing and distribution   |      | (778)   | (781)   | (481)  | (483)  |
| Administrative expenses  |      | (322)   | (674)   | (199)  | (417)  |
| Other expenses   |      | (2)   | (2)   | (1)  | (1)  |
| (Loss)/profit before tax   |      | (1,056)                                       | (1,387)                                       | (653)  | (858)  |
| Income tax expenses  | B4   | -   | -   | -  | -  |
| (Loss)/profit net of tax   |      | (1,056)                                       | (1,387)                                       | (653)  | (858)  |
| <b>Total comprehensive (loss)/ income for the period</b>                                     |      | <b>(1,056)</b>                                | <b>(1,387)</b>                                | <b>(653)</b>                                 | <b>(858)</b>                                 |
| <b>(Loss)/profit attributable to :</b>   |      |   |   |  |  |
| - Owners of the parent   |      | (1,005)                                       | (1,318)                                       | (621)  | (815)  |
| - Non-controlling interests  |      | (51)  | (69)  | (32)   | (43)   |
| <b>Total comprehensive (loss)/ income attributable to :</b>                                  |      | <b>(1,056)</b>                                | <b>(1,387)</b>                                | <b>(653)</b>                                 | <b>(858)</b>                                 |
| <b>(Loss)/earnings per share from Group's net (loss)/profit attributable to shareholders</b> | B11  |   |   |  |  |
| Basic (RMB cents / RM sen)   |      | (0.15)  | (0.20)  | (0.09)                                       | (0.12)                                       |
| Diluted (RMB cents / RM sen)   |      | (0.15)  | (0.20)  | (0.09)                                       | (0.12)                                       |

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 RM0.61833 as at 31 Dec 2020.

Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED  
 Stock Name : CNOUHUA  
 Financial Period End : 31 MARCH 2021  
 Quarter : 1  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021



**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/21          | 31/Mar/20      | 31/Mar/21          | 31/Mar/20      |
|  |      | RMB'000            | RMB'000        | RM'000             | RM'000         |
| Revenue  |      | 1,355              | 1,878          | 838                | 1,161          |
| Cost of sales  |      | (1,329)            | (1,824)        | (822)              | (1,128)        |
| Gross Profit   |      | 26                 | 54             | 16                 | 33             |
| Finance and other income   |      | 20                 | 16             | 12                 | 10             |
| Marketing and distribution   |      | (778)              | (781)          | (481)              | (483)          |
| Administrative expenses  |      | (322)              | (674)          | (199)              | (417)          |
| Other expenses   |      | (2)                | (2)            | (1)                | (1)            |
| Profit/(Loss) before tax   |      | (1,056)            | (1,387)        | (653)              | (858)          |
| Income tax expenses  | B4   | -                  | -              | -                  | -              |
| Profit/(Loss) net of tax   |      | (1,056)            | (1,387)        | (653)              | (858)          |
| Other comprehensive Income:  |      |                    |                |                    |                |
| Foreign currency translation   |      | -                  | -              | -                  | -              |
| <b>Total comprehensive income/(loss) for the period</b>                                      |      | <b>(1,056)</b>     | <b>(1,387)</b> | <b>(653)</b>       | <b>(858)</b>   |
| <b>Profit/(Loss) attributable to :</b>   |      |                    |                |                    |                |
| - Owners of the parent   |      | (1,005)            | (1,318)        | (621)              | (815)          |
| - Non-controlling interests  |      | (51)               | (69)           | (32)               | (43)           |
|  |      | <b>(1,056)</b>     | <b>(1,387)</b> | <b>(653)</b>       | <b>(858)</b>   |
| <b>Total comprehensive (loss)/income attributable to :</b>                                   |      |                    |                |                    |                |
| - Owners of the parent   |      | (1,005)            | (1,318)        | (621)              | (815)          |
| - Non-controlling interests  |      | (51)               | (69)           | (32)               | (43)           |
|  |      | <b>(1,056)</b>     | <b>(1,387)</b> | <b>(653)</b>       | <b>(858)</b>   |
| <b>(Loss)/earnings per share from Group's net (loss)/profit attributable to shareholders</b> | B11  |                    |                |                    |                |
| Basic (RMB cents / RM sen)   |      | (0.15)             | (0.20)         | (0.09)             | (0.12)         |
| Diluted (RMB cents / RM sen)   |      | (0.15)             | (0.20)         | (0.09)             | (0.12)         |

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 RM0.61833 as at 31 Dec 2020.

Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED  
 Stock Name : CNOUHUA  
 Financial Period Ended : 31 MARCH 2021  
 Quarter : 1  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021**

| PARTICULARS   | NOTE | UNAUDITED                     | AUDITED                       | UNAUDITED                    | AUDITED                                    |
|---|------|-------------------------------|-------------------------------|------------------------------|--|
|   |      | AS AT<br>31/Mar/21<br>RMB'000 | AS AT<br>31/Dec/20<br>RMB'000 | AS AT<br>31/Mar/21<br>RM'000 | AS AT<br>31/Dec/20<br>RM'000<br>(Restated) |
| <b>ASSETS AND LIABILITIES</b>   |      |                               |                               |                              |  |
| <b>Non-current assets</b>   |      |                               |                               |                              |  |
| Property, plant and equipment   |      | 31,796                        | 32,560                        | 19,660                       | 20,133                                     |
| Biological assets   |      | -                             | -                             | -                            | -  |
| Prepayments   |      | -                             | -                             | -                            | -  |
|   |      | <u>31,796</u>                 | <u>32,560</u>                 | <u>19,660</u>                | <u>20,133</u>                              |
| <b>Current assets</b>   |      |                               |                               |                              |  |
| Inventories   |      | 18,317                        | 16,272                        | 11,326                       | 10,061                                     |
| Trade and other receivables   |      | 118,971                       | 122,804                       | 73,563                       | 75,933                                     |
| Financial asset, at FVPL  |      | 25,561                        | 16,061                        | 15,805                       | 9,931                                      |
| Cash and cash equivalents   |      | 896                           | 8,490                         | 554                          | 5,250                                      |
|   |      | <u>163,745</u>                | <u>163,627</u>                | <u>101,248</u>               | <u>101,175</u>                             |
| <b>Current liabilities</b>  |      |                               |                               |                              |  |
| Trade and other payables  |      | 3,037                         | 2,627                         | 1,877                        | 1,624                                      |
| Other liabilities   |      | -                             | -                             | -                            | -  |
|   |      | <u>3,037</u>                  | <u>2,627</u>                  | <u>1,877</u>                 | <u>1,624</u>                               |
| Net current assets  |      | <u>160,708</u>                | <u>161,000</u>                | <u>99,371</u>                | <u>99,551</u>                              |
| <b>Non-current liability</b>  |      |                               |                               |                              |  |
| Deferred tax liabilities  |      | -                             | -                             | -                            | -  |
| <b>Net assets</b>   |      | <u>192,504</u>                | <u>193,560</u>                | <u>119,031</u>               | <u>119,684</u>                             |
| <b>EQUITY</b>   |      |                               |                               |                              |  |
| Share capital   |      | 205,838                       | 205,838                       | 127,276                      | 127,276                                    |
| Other reserve   |      | 30,531                        | 30,531                        | 18,878                       | 18,878                                     |
| Accumulated losses  |      | (47,634)                      | (46,629)                      | (29,453)                     | (28,832)                                   |
| Non-controlling interests   |      | 3,769                         | 3,820                         | 2,330                        | 2,362                                      |
| Total equity  |      | <u>192,504</u>                | <u>193,560</u>                | <u>119,031</u>               | <u>119,684</u>                             |
| Net Assets per share attributable to equity holders of the Group (RMB / RM) |      | 0.29                          | 0.29                          | 0.18                         | 0.18                                       |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 RM0.61833 as at 31 Dec 2020.

Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED  
 Stock Name : CHOUHUA  
 Financial Period Ended : 31 MARCH 2021  
 Quarter : 1

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

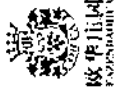
|  | Attributable to Equity Holders of The Group |                                    |                                   |                               |                                      |                  | Total Equity<br>RMB'000 |
|--|---|------------------------------------|-----------------------------------|-------------------------------|--------------------------------------|------------------|-------------------------|
|  | Share Capital<br>RMB'000                    | Statutory Reserve funds<br>RMB'000 | Other capital reserves<br>RMB'000 | Accumulated Losses<br>RMB'000 | Non-controlling interests<br>RMB'000 | Total<br>RMB'000 |                         |
| (IN RMB)   |   |                                    |                                   |                               |                                      |                  |                         |
| At 1 January 2021                                      | 205,838                                     | 29,508                             | 1,023                             | (46,629)                      | 189,740                              | 3,820            | 193,560                 |
| Loss and other comprehensive(loss)/profit for the year | -   | -                                  | (1,005)                           | (1,005)                       | (1,005)                              | (51)             | (1,056)                 |
| At 31 March 2021                                       | 205,838                                     | 29,508                             | 1,023                             | (47,634)                      | 188,735                              | 3,769            | 192,504                 |
| (IN RM)  |   |                                    |                                   |                               |                                      |                  |                         |
| At 1 January 2021                                      | 127,276                                     | 18,245                             | 633                               | (28,832)                      | 117,322                              | 2,362            | 119,684                 |
| Loss and other comprehensive(loss)/profit for the year | -   | -                                  | (621)                             | (621)                         | (621)                                | (32)             | (653)                   |
| At 31 March 2021                                       | 127,276                                     | 18,245                             | 633                               | (29,453)                      | 116,701                              | 2,330            | 119,031                 |

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the financial statements.)

Note:

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Company Name : CHINA OUHUA WINERY HOLDINGS LIMITED  
 Stock Name : CNOUHUA  
 Financial Period Ended : 31 MARCH 2021  
 Quarter : 1



**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

|                       | Attributable to Equity Holders of The Group |                                       |                                      |                                  |                  |   | Total<br>Equity<br>RMB'000 |
|-----------------------|---|---------------------------------------|--------------------------------------|----------------------------------|------------------|---|----------------------------|
|                       | Share<br>Capital<br>RMB'000                 | Statutory<br>Reserve funds<br>RMB'000 | Other capital<br>reserves<br>RMB'000 | Accumulated<br>Losses<br>RMB'000 | Total<br>RMB'000 | Non-controlling<br>interests<br>RMB'000 |                            |
| (IN RMB)              |   |                                       |                                      |                                  |                  |   |                            |
| at 1 January 2020     | 205,838                                     | 29,508                                | 1,023                                | (30,691)                         | 205,678          | 4,618                                   | 210,296                    |
| Profit for the period | -   | -                                     | -                                    | (1,318)                          | (1,318)          | (69)                                    | (1,387)                    |
| At 31 March 2020      | 205,838                                     | 29,508                                | 1,023                                | (32,009)                         | 204,360          | 4,549                                   | 208,909                    |
| (IN RM)               |   |                                       |                                      |                                  |                  |   |                            |
| at 1 January 2020     | RM'000                                      | RM'000                                | RM'000                               | RM'000                           | RM'000           | RM'000                                  | RM'000                     |
| Profit for the period | 127,276                                     | 18,245                                | 633                                  | (18,977)                         | 127,177          | 2,855                                   | 130,032                    |
| At 31 March 2020      | -   | -                                     | -                                    | (815)                            | (815)            | (43)                                    | (858)                      |
|                       | 127,276                                     | 18,245                                | 633                                  | (19,792)                         | 126,362          | 2,812                                   | 129,174                    |

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and its accompanying explanatory notes attached to the financial statements.)

**Note:**  
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**Company Name** : CHINA OUHUA WINERY HOLDINGS LIMITED  
**Stock Name** : CNOUHUA  
**Financial Period Ended** : 31 MARCH 2021  
**Quarter** : 1  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021**



**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

|  | CURRENT<br>YEAR TO DATE<br>31/Mar/21<br>RMB'000 | PRECEDING<br>CORRESPONDING<br>YEAR TO DATE<br>31/Mar/20<br>RMB'000 | CURRENT<br>YEAR TO DATE<br>31/Mar/21<br>RM'000 | PRECEDING YEAR<br>CORRESPONDING<br>YEAR TO DATE<br>31/Mar/20<br>RM'000 |
|--|---|--|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |   |  |  |  |
| Loss before taxation   | (1,056)   | (1,387)  | (653)  | (858)  |
| Adjustments for :-   |   |  |  |  |
| Depreciation and amortisation expenses   | 764   | 774  | 472  | 479  |
| Reversal for impairment loss of property, plant and equipment                      |   | -  |  | -  |
| Loss on disposal of PPE  |   |  |  |  |
| Fair value gain on financial asset, at FVPL  |   |  |  |  |
| (Reversal)/ Allowance for inventory obsolescence                                   |   |  |  |  |
| (Reversal)/ Allowance for impairment loss of trade receivables                     |   |  |  |  |
| Interest income  | (20)  | (16)   | (12)   | (10)   |
| <b>Operating profit before working capital changes</b>                             | <b>(312)</b>                                    | <b>(629)</b>   | <b>(193)</b>                                   | <b>(389)</b>   |
| <i>Decrease/(increase) in:</i>   |   |  |  |  |
| Inventories  | (2,045)   | (4,399)  | (1,264)  | (2,720)  |
| Trade and other receivables  | 3,833   | 4,749  | 2,370  | 2,936  |
| <i>(Decrease)/increase in:</i>   |   |  |  |  |
| Trade and other payables   | 410   | (229)  | 253  | (141)  |
| Other liabilities  | -   | -  | -  | -  |
| <b>Cash flows used in operations</b>   | <b>1,886</b>                                    | <b>(508)</b>   | <b>1,166</b>                                   | <b>(314)</b>   |
| Interest income received   | 20  | 16   | 12   | 10   |
| <b>Net cash flows used in operating activities</b>                                 | <b>1,906</b>                                    | <b>(492)</b>   | <b>1,178</b>                                   | <b>(304)</b>   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>   |   |  |  |  |
| Purchase of property, plant and equipment  |   |  |  |  |
| Proceeds from sale of PPE  |   |  |  |  |
| Purchase of financial asset, at FVPL   | (9,500)   | -  | (5,874)  | -  |
| <b>Net cash flow generated from/(used in) investing activities</b>                 | <b>(9,500)</b>                                  | <b>-</b>   | <b>(5,874)</b>                                 | <b>-</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 CHANGE IN CASH AND CASH EQUIVALENTS</b>                                     | <b>(7,594)</b>                                  | <b>(492)</b>   | <b>(4,696)</b>                                 | <b>(304)</b>   |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>                        | <b>8,490</b>                                    | <b>21,529</b>  | <b>5,250</b>                                   | <b>13,312</b>  |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>                              | <b>896</b>                                      | <b>21,037</b>  | <b>554</b>                                     | <b>13,008</b>  |
| <b>Cash and cash equivalents at the end of the period comprise the followings:</b> |   |  |  |  |
| Cash on hand and at banks  | 896   | 21,037   | 554  | 13,008   |
|  | <b>896</b>                                      | <b>21,037</b>  | <b>554</b>                                     | <b>13,008</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 2020)

**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 RM0.61833 as at 31 Dec 2020.

## 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 2021 are unaudited and have been prepared in accordance with the provisions of the Companies Act, Chapter 50 (the Act), Singapore Financial Reporting Standards (International) [SFRS(I)s] which are simultaneously compliant with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) 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 2020 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 2018.

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 financial 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 period ended 31 March 2021.

### 4. Changes in estimates

There were no material changes in estimates for the financial period ended 31 March 2021.

### 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 period ended 31 March 2021.

## 7. Dividends Payable

The Board of directors does not recommend any interim dividend for the current quarter ended 31 March 2021.

## 8. Segment Information

### a) Operating segments

| <u>3 months ended 31 March 2021</u> | White Wine<br>RMB'000 | Red Wine<br>RMB'000 | Total<br>RMB'000 |
|-------------------------------------|-----------------------|---------------------|------------------|
| <b>Revenue</b>                      |                       |                     |                  |
| Sales to external customers         |                       | 1,355               | 1,355            |
| <b>Results</b>                      |                       |                     |                  |
| Segment gross profit                |                       | 26                  | 26               |
| Unallocated expenses, net           |                       |                     | (1,102)          |
| Interest income                     |                       |                     | 20               |
| Other income                        |                       |                     |                  |
| Loss before tax                     |                       |                     | (1,056)          |
| Income tax expense                  |                       |                     | -                |
| Net loss                            |                       |                     | (1,056)          |

| <u>3 months ended 31 March 2020</u> | White Wine<br>RMB'000 | Red Wine<br>RMB'000 | Total<br>RMB'000 |
|-------------------------------------|-----------------------|---------------------|------------------|
| <b>Revenue</b>                      |                       |                     |                  |
| Sales to external customers         |                       | 1,878               | 1,878            |
| <b>Results</b>                      |                       |                     |                  |
| Segment gross profit                |                       | 54                  | 54               |
| Unallocated expenses, net           |                       |                     | (1,457)          |
| Interest income                     |                       |                     | 16               |
| Other income                        |                       |                     |                  |
| Profit before tax                   |                       |                     | (1,387)          |
| Income tax expense                  |                       |                     | -                |
| Net Profit                          |                       |                     | (1,387)          |

### Other segment information

| <u>3 months ended 31 March 2021</u> | International<br>Label<br>RMB'000 | Own Label<br>RMB'000 | Total<br>RMB'000 |
|-------------------------------------|-----------------------------------|----------------------|------------------|
| <b>Revenue</b>                      |                                   |                      |                  |
| Sales to external customers         | 1,355                             |                      | 1,355            |

| <u>3 months ended 31 March 2020</u> | International<br>Label<br>RMB'000 | Own Label<br>RMB'000 | Total<br>RMB'000 |
|-------------------------------------|-----------------------------------|----------------------|------------------|
| <b>Revenue</b>                      |                                   |                      |                  |
| Sales to external customers         | 1,878                             |                      | 1,878            |



**b) Geographical segments**

Segmented information by geographical region is not applicable for the financial period ended 31 March 2021 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 first 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 period ended 31 March 2021.

**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 period ended 31 March 2021.

**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 period ended 31 March 2021.

**14. Accumulated Losses**

The breakdown of accumulated losses of the Group as at the respective reporting dates is as follows:

|                               | As at 31 Dec 2020 |          | As at 31 Mar 2021 |          |
|-------------------------------|-------------------|----------|-------------------|----------|
|                               | RMB'000           | RM'000   | RMB'000           | RM'000   |
| Realised retained profits:    | (46,629)          | (28,832) | (47,634)          | (29,453) |
| Unrealised retained profits:  | -----             | -----    | -----             | -----    |
| Total group retained profits: | (46,629)          | (28,832) | (47,634)          | (29,453) |
|                               | =====             | =====    | =====             | =====    |

## 15. Recurring related party transactions

For the financial period ended 31 March 2021, there was no related party transaction.

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

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

The Group's performance for the quarter under review as compared to the same period of last year is as follows:

|  | Individual Period (1st quarter) |                                      | Changes (Amount/%) | Cumulative Period    |                                     | Changes (Amount/%) |
|--|---------------------------------|--------------------------------------|--------------------|----------------------|-------------------------------------|--------------------|
|  | Current Year Quarter            | Preceding Year Corresponding Quarter |                    | Current Year To-date | Preceding Year Corresponding Period |                    |
|  | 31/3/21 RMB'000                 | 31/3/20 RMB'000                      |                    | 31/3/21 RMB'000      | 31/3/20 RMB'000                     |                    |
| Revenue  | 1,355                           | 1,878                                | -27.85             | 1,355                | 1,878                               | -27.85             |
| Operating Loss   | (1,056)                         | (1,387)                              | -23.86             | (1,056)              | (1,387)                             | -23.86             |
| Loss Before Interest and Tax                               | (1,056)                         | (1,387)                              | -23.86             | (1,056)              | (1,387)                             | -23.86             |
| Loss Before Tax  | (1,056)                         | (1,387)                              | -23.86             | (1,056)              | (1,387)                             | -23.86             |
| Loss After Tax   | (1,056)                         | (1,387)                              | -23.86             | (1,056)              | (1,387)                             | -23.86             |
| Loss Attributable to Ordinary Equity Holders of the Parent | (1,005)                         | (1,318)                              | -23.75             | (1,005)              | (1,318)                             | -23.75             |

For the current quarter ended 31 March 2021 ("1Q2021"), the Group's revenue decreased by RMB0.523 million or 27.85% to RMB1.355 million, from RMB1.878 million in the same period last year ("1Q2020"). Loss before tax in this current quarter decreased by RMB0.331 million from loss of RMB1.387 million in 1Q2020 to loss of RMB1.056 million in 1Q2021. The lower loss figure in 1Q2021 was mainly due to reduced administrative expenses in 1Q2021, as the Group conducted more businesses on-line and hence reduced these expenses.

## 2. Variation of results against preceding quarter

The Group's performance for the quarter under review as compared to the preceding quarter is as follows:

|  | Current<br>Quarter<br>31/3/21<br>RMB'000 | Immediate<br>Preceding<br>Quarter<br>31/12/20<br>RMB'000 | Changes<br>(Amount / %) |
|--|--|--|-------------------------|
| Revenue  | 1,355                                    | 6,319  | -78.56                  |
| Operating loss   | (1,056)                                  | (13,322)   | -92.07                  |
| Loss Before Interest and Tax   | (1,056)                                  | (13,322)   | -92.07                  |
| Loss Before Tax  | (1,056)                                  | (13,322)   | -92.07                  |
| Loss After Tax   | (1,056)                                  | (13,322)   | -92.07                  |
| Loss Attributable to Ordinary Equity<br>Holders of the Parent holders of the<br>parent | (1,005)                                  | (12,691)   | -92.08                  |

For the current quarter, the Group made a decrease in revenue of RMB4.964million from RMB6.319million to RMB1.355million and a decrease in loss net of tax of RMB12.266million from loss of RMB13.322 million to loss of RMB1.056 million as compared to the immediate preceding quarter ended 31 December 2020. The higher loss figure in 4Q2020 was mainly due to Inventories written down, which amount to RMB12.898 million.

## 3. Prospects

Due to the prolonged impact of the COVID-19 pandemic, the Company's operating results will be facing a challenging times ahead. Barring any unforeseen circumstances the management of the Company is confident to lead the Company to a new era by diversifying into importation of overseas wine to market in new areas and online business.

## 4. Profit forecast and guarantee

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

## 5. Income tax charge

No provision for taxation as the Group has incurred losses for the financial period ended 31 March 2021.

## 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 period ended 31 March 2021.

#### **7. Purchase or disposal of quoted securities**

No purchase or disposal of quoted securities by the Group in the financial period ended 31 March 2021.

#### **8. Status of corporate proposals and utilisation of proceeds**

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

#### **9. Group borrowings and debts securities**

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

#### **10. Off-balance sheet financial instruments risks**

As at the date of this report, there are no off-balance sheet financial instruments.

#### **11. 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.

#### **12. (Loss)/Earnings per share**

(Loss)/Earnings per share for 31 March 2021 and 31 March 2020 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 2021.

#### **13. 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 2020 were subjected to qualified opinion with material uncertainty related to going concern.

Pursuant to Paragraph 9.19(37) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), and before our submission of the Audited Financial Statements for the financial year ended 31 December 2020 ("AFS") of CNOUHUA to Bursa Securities, the Board of Directors of CNOUHUA wishes to inform that Messrs UHY Lee Seng Chan & Co., the External Auditors of CNOUHUA, had qualified their report for the AFS of the Company in respect of other receivables on Deposits, and had included an emphasize of matter to draw attention to the material uncertainty related to going concern. The Company hereby sets out below the full details of the qualified opinion:-

##### **(a) Key Audit Matter Disclosed In The External Auditors' Report**

The key audit matter disclosed is as follows: -

#### Basis for Qualified Opinion

Included in trade and other receivables are deposits of RMB 118,800,000 representing 90% of the total cash consideration price, which were made to Huangwu Subdistrict Office, Zhifu District, Yantai City, People's Republic of China. As disclosed in Note 5 to the financial statements, on 17 December 2013, the Group entered into a contract to purchase land, buildings and ancillary facilities including 320KVA power distribution equipment, water supply system, roads surrounding the factory and enclosing wall (collectively known as "Assets") for a cash consideration of RMB 132,000,000.

The External Auditors have not been able to obtain sufficient appropriate audit evidence to satisfy themselves of the extent of recoverability of the deposits of RMB 118,800,000 in the event that the transaction is not completed. Consequently, the External Auditors were unable to determine whether any adjustments to the carrying amount of deposits as at 31 December 2020 were necessary.

#### Material Uncertainty Related to Going Concern

The Group made full impairments to amount due from subsidiary and investment in subsidiary amounting to RMB76,418,000 and RMB60,135,000 respectively. The impairments were made due to the subsidiary continuous business losses due to loss of major market. In addition the discounted cash flow shows negative losses. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern. The ability of the Group and Company to continue as a going concern is dependent upon the continuing financial support from a director and shareholder of the Company. The External Auditors' opinion is not further qualified in respect of this matter.

#### Key Audit Matters

Key audit matters are those matters that, in the External Auditors' professional judgement, were of most significance in their audit of the financial statements of the current period. These matters were addressed in the context of the External Auditors' audit of the financial statements as a whole, and in forming their opinion thereon, and they do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section and Material Uncertainty Related to Going Concern section, the External Auditors had determined the matters described below to be the key audit matters to be communicated in their report.

##### **i. Valuation of trade receivables (RMB 16.118million) (Refer to Note 5 to the financial statements)**

The Group has significant trade receivables amounting to the RMB16.118 million. In accordance with SFRS(I) 9 Financial Instruments, the Group is required to recognise loss allowances on expected credit losses on trade receivables. The determination of the loss allowances requires significant judgement and estimates to determine whether the receivable is credit impaired, and the best estimate of the ultimate realisation of the amounts receivable from customers.

Inappropriate judgements and estimates made in the impairment assessment would result in a significant impact on the carrying amount of the trade receivables.

Disclosure on the above significant management's judgement is provided in Note 3.2(a) to the financial statements and further information related to the aged trade receivables is in Note 22(a) to the financial statements.

## **Audit Response**

The External Auditors have reviewed the Group's estimation process used in determining the amounts of loss allowance recognised on expected credit losses on trade receivables.

The Group has a process to assess credit risk and to determine the amounts of loss allowance to recognise on expected credit losses on trade receivables.

The External Auditors have also reviewed significant inputs to management's assessment of the amounts of loss allowance recognised on expected credit losses, and considered the reasonableness of the inputs by reference to the recent credit review assessments prepared by management. The judgements applied by management around the recovery of receivables were relevant under the facts and circumstances currently made available to the Group. Lastly, They assessed the adequacy of disclosures in describing the areas of judgement and estimation uncertainties involving recoverability of the trade receivables.

They found the disclosures in describing the areas of judgement and inherent degree of estimation uncertainties involved to be appropriate.

### **ii. Valuation of inventories (RMB 85.580 million) (Refer to Note 6 to the financial statements)**

The Group's work-in-progress inventories amounting to RMB84.700 million represents 99% of the total inventories. These inventories relate mainly to the direct costs incurred for wine production.

Management has estimated the net realisable value of the work-in-progress inventories based on certain assumptions relating to spoilage and obsolescence. Obsolescence considerations include inventory aging profile, as well as different market factors impacting the sale of these product lines.

Inappropriate judgement and estimate made in estimating the conditions and estimated selling price would result in a significant impact on the net realisable value of the work-in-progress inventories. Disclosure on the above significant judgement is made in Note 3.2(b) to the financial statements and further information related to the write-down of the inventories to its net realisable values is disclosed under Note 6 to the financial statements.

## **Audit Response**

The External Auditors' audit procedures to validate the valuation of the inventories included the performance of test of details on actual margins and valuation of obsolete inventories. They assessed whether there are inventories which were sold with negative margin by evaluating sales invoices issued subsequent to year end to validate management's assessment and decision as to whether inventories need to be adjusted to their net realisable values.

Based on the work performed, they found management's estimates to be reasonable.

They also found the disclosures in the financial statements to be adequate.

### **iii. Impairment of property, plant and equipment (RMB 32.560 million) Refer to Note 9 to the financial statements**

As at 31 December 2020, property, plant and equipment with carrying amounts of RMB32.560 million constituted approximately 17% of the total assets of the Group.

During the current financial year, the Group carried out a review of the recoverable amount of its property, plant and equipment.

The review process involves significant judgement in determining the appropriate valuation methods to be used, and in estimating the key underlying assumptions to be applied.

These critical judgement and significant estimation are disclosed in Note 3.1(b) to the financial statements.

#### **Audit Response**

The External Auditors' audit procedures focused on evaluating the appropriateness and adequacy of the impairment loss recognised for property, plant and equipment.

Based on their work performed, They assessed management's key assumptions and review process to be reasonable.

They also found the disclosures in the financial statements to be adequate.

#### **iv. Allowance for impairment for non-trade amount due from subsidiary (RMB 76.418 million) and impairment of investment in subsidiary (RMB 60.135 million) Refer to Notes 5 and 8 to the financial statements**

As at 31 December 2020, the Company has investment in subsidiary with carrying amount of RMB 60.135 million. During the current financial year, there are impairment indicators which require the Group to perform an assessment on the recoverable amount of the investment in subsidiary using a discounted cash flow model for the next five years.

Based on the result of the assessment, the Company has fully impaired the investment in subsidiary. Furthermore, the Company has amount owing from its subsidiary amounting to RMB 76.418 million. The management has assessed the future operating and financial performance of the subsidiary to be unfavourable. As a result, the management has fully impaired on the amount due from subsidiary.

#### **Audit Response**

The External Auditors evaluated the reasonableness of the estimates and assumptions in the discounted cash flow model.

Based on their work performed, they found the significant estimates and key assumption within the discounted cash flow model to be reasonable.

They also found the disclosures in the financial statements to be adequate.

#### **v. Valuation of financial asset, at fair value through profit or loss (RMB16.061 million) Refer to Note 7 to the financial statements**

As at 31 December 2020, the Group has financial asset, at fair value through profit or loss amounting to the RMB16.061 million. The determination of the fair value requires significant judgement and the best estimate of realisation of the amounts from bank.

Inappropriate estimates made in the fair value measurement would result in a significant impact on the carrying amount of the financial asset, at fair value through profit or loss. Disclosure on the above significant management's estimate is provided in Note 3.2(e) to the financial statements and further information related to the financial asset, at fair value through profit or loss is in Note 24 to the financial statements.

### **Audit Response**

The External Auditors validated the valuation of the financial asset, at fair value through profit or loss included performance of test of details on realisation of the financial asset, at fair value through profit or loss. They assessed whether the fair value of financial asset is measured appropriately.

Based on their work performed, they found management's estimates to be reasonable.

They also found the disclosures in the financial statements to be adequate

### **(b) STEPS TAKEN OR PROPOSED TO BE TAKEN TO ADDRESS THOSE KEY AUDIT MATTERS THAT RELATE TO THE QUALIFIED OPINION AND MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**

#### **i. Key Audit Matters that relate to the Qualified Opinion**

There had been no progress and update on the land title ownership transfer to Yantai Fazenda Ouhua Winery Co., Ltd. ( "Yantai Ouhua" ) ( "the Application" ) since the announcement made on 30 April 2021.

The Company has yet to receive any update on the Application from the local government departments i.e. Ministry of Housing and Urban-Rural Development ( "MOHURD" ), the Real Estate Registration Center as well as the Huangwu Subdistrict Office, Zhifu District, Yantai City. There was also no confirmation given by any of the government officer on the completion date of the Application. Thus, the Board is unable to ascertain the completion date of the Transfer.

China Ouhua will proactively follow up with the relevant government authorities of the PRC to ensure the land title ownership is transferred to Yantai Ouhua.

#### **ii. Key Audit Matters that relate to the Material Uncertainty Related to Going Concern**

Management of the Company wishes to highlight that although the Company's current operating result is at negative, the loss was mainly due to the impairment of inventories, which amounted to RMB12.898 million. The Company has sufficient cash and relatively good basic business. With many years of operating experiences in the wine industry, Management was of the view that there is no risk of continuing its operations.

As at the Financial Year ended 31 December 2020, China Ouhua had cash and cash equivalent amounting to RMB8.49 million with no external borrowing. The total current assets were recorded at RMB163.63 million whereby the total current liability was recorded at RMB2.63 million. Therefore, China Ouhua is confident that its existing financial standing is sufficient to finance its working capital requirements for the next 24 months.



Management would continue to work hard in developing the wine business. During the financial year ended 31 December 2020, the sales of imported wine had improved and have brought some positive impact to the Company' s overall performance. However, in view of the prolonged COVID-19 pandemic, the Company will continue to expect challenging times ahead. Despite that, the Management is confident to lead the Company to a new era by diversifying into importation of overseas wine to market in new areas and online business.

The Management had placed extra effort in the collection of trade receivables particularly on those which has fallen due. Management team with the help of lawyers had successfully negotiated a settlement plan with those customers who has long outstanding amount owing to the Company. Currently, the Management is reassessing the customer credit terms and would stop selling to customers who are not able to meet the 90 days credit terms.

**(c) Timeline For The Steps Referred To Sub-Paragraph (b) Above**

**i. Timeline for the Steps for Qualified Opinion**

There was no confirmation given by any of the government officer on the completion date of the Application. Thus, the Board is unable to ascertain the completion date of the Transfer. China Ouhua will proactively follow up with the relevant government authorities of the PRC to ensure the land title ownership to be transferred to Yantai Ouhua. Barring any unforeseen circumstances, the Board is of the view that the whole process should be able to complete within six (6) months from 30 April 2021.

**ii. Timeline for the Steps for Material Uncertainty Related to Going Concern**

The Company would proactively identify new businesses to be developed and targeted to be in operation during the financial year ending 2021.