



Date: 13 May 2020

The Board of Directors
Oceanus Group Limited
31 Harrison Road
#11-03/04 Food Empire Building
Singapore 369649.

Attention: Duane Ho, CFO

RSM Chio Lim LLP

8 Wilkie Road, #03-08
Wilkie Edge, Singapore 228095

T +65 6533 7600
F +65 6594 7811

Audit@RSMSingapore.sg
www.RSMSingapore.sg

Dear Sirs

Report of Factual Findings On The Restated Financial Information For The Financial Year Ended 31 December 2018

We have performed the procedures agreed with you and enumerated below with respect to the restated financial information of the group for the financial year ended 31 December 2018 ("**Restated Financial Information FY18**"), set forth in the accompanying schedules.

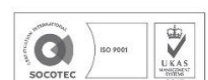
Our engagement was undertaken in accordance with the Singapore Standard on Related Services applicable to agreed-upon procedures engagements.

The procedures were performed solely to assist you in evaluating the appropriateness and consistency of the accounting entries posted to prepare the restated financial information of the group from the original audited financial statement of the group for the financial year ended 31 December 2018, issued on 8 July 2019 and are summarised as follows:

1. Obtained copies of the audited revised financial statements of the group for the financial year ended 31 December 2017 ("**Revised Audited FS FY17**") and the related worksheets and supporting documents on the accounting entries that were posted to prepare the Revised Audited FS FY17.
2. Obtained copies of the Restated Financial Information FY18 and the worksheets on the accounting entries that were posted to prepare the Restated Financial Information FY18.
3. Based on the information obtained from point (1) above, checked and understood the basis of the accounting entries posted.
4. Following work done for point (3) above, checked the accounting entries posted to prepare the restated financial information from the original audited financial statements of the group issued on 8 July 2019 ("**Original Audited FS FY18**") for appropriateness and consistency with the revised audited financial statements.

Based on the above procedures performed, nothing has caused us to believe that there are any inappropriateness or inconsistencies in respect of the entries posted which formed the basis of the Restated Financial Information FY18.

Because the above procedures do not constitute either an audit or a review made in accordance with Singapore Standards on Auditing or Singapore Standards on Review Engagements, we do not express any assurance on the restated financial information for the financial year ended 31 December 2018. Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with Singapore Standards on Auditing or Singapore Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.



Report of Factual Findings On The Restated Financial Information For The Financial Year Ended 31 December 2018

- Page 2 -

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the accounts and items specified above and does not extend to financial statements of Oceanus Group Limited, taken as a whole.

RSM Chio Lim LLP

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
Year Ended 31 December 2018**

	<u>Group</u>	
	Audited	Restated
	<u>2018</u>	<u>2018</u>
	RMB'000	RMB'000
Revenue	21,017	21,017
Other operating income	63,292	76,582
Cost of inventories	(18,168)	(18,168)
Gain arising from changes in fair value less costs to sell biological assets	14,386	14,386
Employee benefits expense	(8,296)	(8,296)
Depreciation and amortisation expense	(12,169)	(12,048)
Finance costs	-	-
Other operating expenses	(12,967)	(12,967)
Profit before tax from continuing operation	<u>47,095</u>	<u>60,506</u>
Income tax expense	-	-
Profit for the year from continuing operation for the year	<u>47,095</u>	<u>60,506</u>
Discontinued operations		
Profit for the year from discontinued operations	<u>1,762</u>	<u>1,762</u>
Profit for the year	<u>48,857</u>	<u>62,268</u>
Other comprehensive (loss)/income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations, net of tax	<u>(7,205)</u>	<u>(3,597)</u>
Other comprehensive (loss)/income for the year, net of tax	<u>(7,205)</u>	<u>(3,597)</u>
Total comprehensive income for the year, net of tax	<u>41,652</u>	<u>58,671</u>
Profit attributable to owners of the parent, net of tax	48,782	62,193
Profit attributable to non-controlling interests, net of tax	<u>75</u>	<u>75</u>
Profit net of tax	<u>48,857</u>	<u>62,268</u>
Total comprehensive income attributable to owners of the parent	41,577	58,596
Total comprehensive income attributable to non-controlling interests	<u>75</u>	<u>75</u>
Total comprehensive income	<u>41,652</u>	<u>58,671</u>

For identification purpose only

RSM Chio Lim LLP

**Statements of Financial Position
As at 31 December 2018**

	<u>Group</u>	
	Audited	Restated
	<u>2018</u>	<u>2018</u>
	RMB'000	RMB'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	108,664	108,664
Goodwill	3,368	3,368
Other receivable, non-current	5,043	5,043
Other assets, non-current	1,976	1,976
Total non-current assets	<u>119,051</u>	<u>119,051</u>
<u>Current assets</u>		
Biological assets	1,816	1,816
Inventories	3,315	3,315
Trade and other receivables	2,606	2,606
Other assets, current	1,314	1,314
Cash and cash equivalents	96,367	96,367
Total current assets	<u>105,418</u>	<u>105,418</u>
Total assets	<u>224,469</u>	<u>224,469</u>
EQUITY AND LIABILITIES		
<u>Equity</u>		
Share capital	2,794,067	3,278,100
Reserves	(2,658,845)	(3,142,878)
Equity attributable to owners of the Company	<u>135,222</u>	<u>135,222</u>
Non-controlling interests	2,727	2,727
Total equity	<u>137,949</u>	<u>137,949</u>
<u>Current liabilities</u>		
Income tax payable	23,948	23,948
Trade and other payables	59,177	59,177
Borrowings, current	3,395	3,395
Total current liabilities	<u>86,520</u>	<u>86,520</u>
Total liabilities	<u>86,520</u>	<u>86,520</u>
Total equity and liabilities	<u>224,469</u>	<u>224,469</u>

For identification purpose only

RSM Chio Lim LLP

Statements of Changes in Equity
Year Ended 31 December 2018

	Share capital	Capital reserve	Currency translation reserve	Statutory reserve	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Restated FY2018								
<u>Group</u>								
Current year:								
Opening balance at 1 January 2018	2,794,067	(1,120,438)	13,294	39,262	(1,615,474)	110,711	829	111,540
Prior year adjustments	484,033	-	(11,764)	-	(489,288)	(17,019)	-	(17,019)
Opening balance at 1 January 2018 (re-stated)	3,278,100	(1,120,438)	1,530	39,262	(2,104,762)	93,692	829	94,521
Changes in equity:								
Acquisition of subsidiaries	-	-	-	-	-	-	1,705	1,705
Share capital contribution in subsidiary	-	-	-	-	-	-	118	118
Return of shareholders' contribution	-	(17,066)	-	-	-	(17,066)	-	(17,066)
Total comprehensive income for the year	-	-	(3,597)	-	62,193	58,596	75	58,671
Closing balance at 31 December 2018	3,278,100	(1,137,504)	(2,067)	39,262	(2,042,569)	135,222	2,727	137,949
Audited FY 2018								
<u>Group</u>								
Current year:								
Opening balance at 1 January 2018	2,794,067	(1,120,438)	13,294	39,262	(1,615,474)	110,711	829	111,540
Changes in equity:								
Acquisition of subsidiaries	-	-	-	-	-	-	1,705	1,705
Share capital contribution in subsidiary	-	-	-	-	-	-	118	118
Return of shareholders' contribution	-	(17,066)	-	-	-	(17,066)	-	(17,066)
Total comprehensive income for the year	-	-	(7,205)	-	48,782	41,577	75	41,652
Closing balance at 31 December 2018	2,794,067	(1,137,504)	6,089	39,262	(1,566,692)	135,222	2,727	137,949

For identification purpose only

RSM Chio Lim LLP

Consolidated statement of cash flows
for the financial year ended 31 December 2018

	<u>Group</u>	
	Audited	Restated
	<u>2018</u>	<u>2018</u>
	RMB'000	RMB'000
<u>Cash Flows from Operating Activities</u>		
Profit before taxation		
Continuing operations	47,095	60,506
Discontinued operations	1,762	1,762
	<u>48,857</u>	<u>62,268</u>
Adjustments for:		
Depreciation of property, plant and equipment	11,967	12,018
Loss on redemption of convertible loans	-	-
Gain on disposal of PPE	(9,343)	(9,343)
Loss/(gain) on disposal of prepaid leases	3,613	(1,411)
Reversal of impairment loss on other investment	(17,066)	(17,066)
Reversal of impairment loss on property, plant and equipment	(36,847)	(48,898)
Amortisation of prepaid leases	202	202
Unrealised foreign exchange gain	(7,804)	(4,061)
Interest income	(2,113)	(2,113)
Operating loss before working capital changes	<u>(8,534)</u>	<u>(8,404)</u>
Inventories	(1,465)	(1,465)
Trade receivables	8,298	8,298
Other receivables and deposits	(997)	(997)
Biological assets	1,418	1,418
Trade payables	<u>(23,101)</u>	<u>(23,101)</u>
Net cash flows used in operating activities	<u>(24,381)</u>	<u>(24,251)</u>
<u>Cash Flows from Investing Activities</u>		
Acquisition of property, plant and equipment	(3,799)	(3,799)
Acquisition of subsidiary	670	670
Proceeds from disposal of PPE	11,338	11,338
Increase in convertible loan receivable	(5,043)	(5,043)
Interest received	2,113	2,113
Capital injection from non-controlling interests	118	118
Net cash generated from investing activities	<u>5,397</u>	<u>5,397</u>
Net decrease in cash and cash equivalents	(18,984)	(18,854)
Effect of cash and cash equivalent denominated in foreign currencies	1,187	1,057
Cash and cash equivalents at beginning of year	<u>114,164</u>	<u>114,164</u>
Cash and cash equivalents at end of year	<u>96,367</u>	<u>96,367</u>

For identification purpose only

RSM Chio Lim LLP