



31 Harrison Road
 #11-03/04 Food Empire Building
 Singapore 369 649
 Tel: +65 6285 0500
 Fax: +65 6280 0822

(Incorporated in the Republic of Singapore under Registration Number: 199805793D)

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS AND ANNOUNCEMENT FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2017 OF OCEANUS GROUP LIMITED (“OCEANUS”) AND ITS SUBSIDIARIES (COLLECTIVELY KNOWN AS THE “OCEANUS GROUP”)

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	3 months ended		Favourable /(Adverse) %	9 months ended		Favourable /(Adverse) %
	30/9/2017 RMB'000	30/9/2016 RMB'000		30/9/2017 RMB'000	30/9/2016 RMB'000	
Sales of :-						
Live marine products	32	317	(90%)	9,426	5,492	72%
Processed marine products	2,688	-	100%	2,992	410	>100%
Consultancy	207	-	100%	413	-	100%
Revenue	2,927	317	>100%	12,831	5,902	>100%
Feed used	(376)	(79)	(>100%)	(588)	(167)	(>100%)
Electricity, fuel and water	(250)	(187)	(34%)	(1,162)	(463)	(>100%)
Staff costs	(295)	(630)	53%	(2,204)	(1,828)	(21%)
Cost of sales	(1,344)	14	>100%	(1,605)	(592)	(>100%)
Total Cost of sales	(2,265)	(882)	(>100%)	(5,559)	(3,050)	(82%)
Gross Profit	662	(565)	>100%	7,272	2,852	>100%
Other operating income	728	365	99%	1,186	1,214	(2%)
Other non-operating income	32,225	-	100%	55,803	-	100%
Staff costs	(1,436)	(1,018)	(41%)	(3,487)	(3,256)	(7%)
Other operating expenses	(1,820)	(861)	(>100%)	(4,914)	(6,201)	21%
Other non-operating expenses	(20,527)	-	(100%)	(25,048)	-	(100%)
Gain arising from changes in fair value	(32)	(317)	90%	(9,426)	(5,492)	(72%)
less cost to sell of biological assets	310	448	(31%)	3,972	3,319	20%
Profit/(Loss) for the year from discontinued operations	5,569	(167)	>100%	(9,404)	(926)	(>100%)
Adjusted EBITDA (excl. Foreign exchange gain or loss)	15,679	(2,115)	>100%	15,954	(8,490)	>100%
Foreign exchange gain/(loss)	613	1,920	NM	5,508	3,348	NM
EBITDA	16,292	(195)	>100%	21,462	(5,142)	>100%
Depreciation	9,020	(14,169)	>100%	(16,367)	(42,794)	62%
Finance costs	(8,633)	(15,009)	42%	(37,885)	(44,191)	14%
Profit/(Loss) before income tax	16,679	(29,373)	>100%	(32,790)	(92,127)	64%
Income tax	-	-	0%	-	-	0%
Profit/(Loss) for the period	16,679	(29,373)	>100%	(32,790)	(92,127)	64%
Profit/(Loss) attributable to :						
Owners of the Company	16,590	(29,373)	>100%	(32,879)	(92,127)	64%
Non-controlling interests	89	-	100%	89	-	100%
	16,679	(29,373)	>100%	(32,790)	(92,127)	64%

Profit/(Loss) for the period is arrived at after charging / (crediting) the following items:

	3 months ended		Favourable / (Adverse) %	9 months ended		Favourable / (Adverse) %
	30/9/2017 RMB'000	30/9/2016 RMB'000		30/9/2017 RMB'000	30/9/2016 RMB'000	
<u>Continuing operations</u>						
Interest income	-	-	-	-	(1)	(>100%)
Interest expense						
(i) Coupon rate 5%	7,211	4,476	(61%)	14,934	14,578	(2%)
(ii) Notional interest	628	9,847	94%	20,690	27,589	25%
(iii) Loan interest	-	-	-	-	-	-
(iv) Withholding tax	686	685	(0.1%)	2,049	2,027	(1%)
(v) Others	-	-	-	-	-	-
Depreciation of property, plant and equipment	(9,020)	14,169	>100%	16,367	42,794	62%
Amortisation of prepaid leases	122	122	-	367	368	0%
Gain on disposal of property, plant and equipment	-	-	-	-	-	-
Operating lease expenses	85	146	42%	340	438	22%
Foreign exchange (gain)/loss	(613)	(1,920)	NM	(5,508)	(3,348)	NM
<u>Discontinued operations</u>						
Foreign exchange (gain)/loss	(5,586)	-	NM	9,098	844	NM

NM: Not meaningful

(b) A Statement of Comprehensive Income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	3 months ended		9 months ended	
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RMB'000	RMB'000	RMB'000	RMB'000
Profit/(Loss) for the period	16,679	(29,373)	(32,790)	(92,127)
Other comprehensive income				
Ex change differences on translation of foreign operations	7,166	2,455	5,726	(36,067)
Total comprehensive income for the period	23,845	(26,918)	(27,064)	(128,194)
Attributable to:				
Owners of the Company	23,756	(26,918)	(27,153)	(128,194)
Non-controlling interests	89	-	89	-
Equity holders of the Company	23,845	(26,918)	(27,064)	(128,194)

1 (c)(i) A balance sheet (for the Issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30/9/2017	31/12/2016	30/9/2017	31/12/2016
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
<u>Current assets</u>				
Cash and bank balances	168,271	7,181	98,237	3,170
Trade receivables	31	14	-	-
Other receivables	122,374	(2,761)	18,047	20,412
Inventories	4,984	72	-	-
Biological assets	3,240	8,529	-	-
	<u>298,900</u>	<u>13,035</u>	<u>116,284</u>	<u>23,582</u>
<u>Non-current assets</u>				
Property, plant and equipment	28,922	141,776	-	-
Prepaid leases	502	7,011	-	-
Investment in subsidiaries	-	-	175,488	262,129
	<u>29,424</u>	<u>148,787</u>	<u>175,488</u>	<u>262,129</u>
Total assets	<u>328,324</u>	<u>161,822</u>	<u>291,772</u>	<u>285,711</u>
LIABILITIES AND EQUITY				
<u>Current liabilities</u>				
Trade payables	22,273	3,592	-	-
Other payables	226,968	107,518	195,705	81,434
Current tax payable	24,412	23,948	-	-
Convertible loan	331,936	286,032	331,936	286,032
Derivative liabilities	148,773	170,700	148,773	170,700
	<u>754,362</u>	<u>591,790</u>	<u>676,414</u>	<u>538,166</u>
<u>Non-current liabilities</u>				
Convertible loan	4,286	34,582	4,286	34,582
Loans and borrowings	61,211	8,393	61,211	8,393
Derivative liabilities	1,964	1,922	1,964	1,922
Deferred tax liabilities	-	2,014	-	2,014
	<u>67,461</u>	<u>46,911</u>	<u>67,461</u>	<u>46,911</u>
Total liabilities	<u>821,823</u>	<u>638,701</u>	<u>743,875</u>	<u>585,077</u>
<u>Capital and reserves</u>				
Share capital	2,416,284	2,413,255	2,416,284	2,413,255
Capital reserve	(1,137,504)	(1,137,504)	11,229	11,229
Currency translation reserve	698	27,417	(10,602)	5,422
Warrant reserve	101,651	162,066	101,651	162,066
Statutory reserve	39,262	39,262	-	-
Accumulated losses	(1,914,433)	(1,981,375)	(2,970,665)	(2,891,338)
Equity attributable to equity holders of the Company	(494,042)	(476,879)	(452,103)	(299,366)
Non-controlling interests	543	-	-	-
Total equity	<u>(493,499)</u>	<u>(476,879)</u>	<u>(452,103)</u>	<u>(299,366)</u>
Total liabilities and equity	<u>328,324</u>	<u>161,822</u>	<u>291,772</u>	<u>285,711</u>

1(c)(ii) Aggregate amount of the Group's borrowings and debt securities.

	Group			
	30/9/2017		31/12/2016	
	RMB'000	RMB'000	RMB'000	RMB'000
	Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Amount payable in one year or less, or demand	-	-	-	-
Amount repayable in one year or less	331,936	-	286,032	-
Amount repayable after one year	4,286	61,211	34,582	8,393
	<u>336,222</u>	<u>61,211</u>	<u>320,614</u>	<u>8,393</u>

Details of any collateral

Secured loans

The loans amounting to approximately RMB320 million mainly relates to a restructuring exercise which was completed on 2 September 2015. The convertible loans are secured by the creation of charges over specify Company assets. (Kindly refer to Company's circular dated 6 May 2015) for more details of these security charges.

The Company has on 3 September 2015 issued an aggregate of 2,971,069,187 Restructuring Warrants and 647,237,779 New Warrants and on 26 October 2015, issued a further 107,692,308 New Warrants.

The restructured convertible loan ("**RCL**") was classified as current liabilities and had expired on 31 December 2016.

Notwithstanding the expiry date of 31 December 2016, the Company had announced on 8th September 2016 that it had entered into a binding term sheet with two of three key creditors, in relation to a propose debt restructuring of the **RCL**. In the term sheet, these two key creditors have also agreed to extend the expiry date of the **RCL** to 31 December 2018. In addition, they have also agreed that interest will cease to accrue on and from 1 July 2016, upon completion of the proposed restructuring exercise. On 25 January 2017, all the 3 creditors come to an agreement to extend the expiry date of the **RCL** to 31 December 2018 and interest will cease to accrue on and from 1 July 2016 (Kindly refer to Company's announcement on 25 January 2017 for more details)

The convertible loan arising from new warrants issued to the Company's third key creditor was classified as non-current as the loan has a term of five (5) years commencing from the 1st drawdown date of 3 September 2015.

1(d) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			
	3 months ended		9 months ended	
	30/9/2017 RMB'000	30/9/2016 RMB'000	30/9/2017 RMB'000	30/9/2016 RMB'000
Cash Flows from Operating Activities				
Loss before income tax	16,679	(29,373)	(32,790)	(92,127)
Adjustments for:	-	-	-	-
Gain (loss) arising from changes in fair value less cost to sell of biological assets	(310)	(562)	(3,972)	(3,319)
Depreciation of property, plant and equipment	(9,020)	14,169	16,367	42,794
(Gain) Loss on disposal of property, plant and equipment	-	-	-	-
(Reversal) of impairment loss on construction work in progress	-	-	-	-
Amortisation of prepaid leases	5,521	122	5,766	368
Interest expense	8,633	15,009	37,885	44,193
Net foreign exchange difference	(39,264)	1,923	(59,318)	3,347
Operating cash flows before working capital changes	(17,761)	1,288	(36,062)	(4,745)
Trade receivables	201	-	(64,811)	65
Other receivables	(110,792)	(1,254)	(52,737)	(812)
Inventories	(4,834)	(1)	(4,804)	37
Biological assets	21	143	9,261	5,318
Trade payables	18,535	(166)	19,302	254
Other payables	117,499	(4,262)	123,647	(1,079)
Cash used in/(from) operations	2,869	(4,252)	(6,204)	(962)
Interest received	-	-	-	1
Interest paid	-	-	-	-
Income taxes paid	464	-	464	-
Cash flows from/(used in) operating activities	3,333	(4,252)	(5,740)	(961)
Investing activities				
Proceeds from disposal of property, plant and equipment	77,474	-	162,436	-
Acquisition of Subsidiary	212	-	212	-
Cash flows from investing activities	77,686	-	162,648	-
Financing activities				
Proceeds from short term loan	725	5,377	1,818	5,377
Issuance of new convertible loan	-	-	-	-
Repayment of loan from investors	-	-	-	-
Cash flows from financing activities	725	5,377	1,818	5,377
Net increase (decrease) in cash and cash equivalent	81,744	1,125	158,726	4,416
Cash and cash equivalent at beginning of the period	86,527	5,496	9,545	2,205
Cash and cash equivalents at end of the period	168,271	6,621	168,271	6,621

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following:

	9 months ended	
	30/9/2017 RMB'000	30/9/2016 RMB'000
Cash and bank balances	168,271	6,621

1(d)(i) A statement (for the Issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Capital reserve	Currency translation reserve	Warrant reserve	Statutory surplus reserve funds	Accumulated losses	Total attributable to equity holders of the Company	Non controlling interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Group									
Balance as at 1 January 2016	2,413,255	(1,137,504)	29,805	101,651	39,262	(1,844,232)	(397,763)	-	(397,763)
Issue of new shares	-	-	-	-	-	-	-	-	-
Issue of new warrants	-	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	(92,127)	(92,127)	-	(92,127)
Other comprehensive income									
Foreign currency translation	-	-	(36,067)	-	-	-	(36,067)	-	(36,067)
Total comprehensive income/(loss) for the period	-	-	(36,067)	-	-	(92,127)	(128,194)	-	(128,194)
Balance as at 30 September 2016	2,413,255	(1,137,504)	(6,262)	101,651	39,262	(1,936,359)	(525,957)	-	(525,957)
Balance as at 1 January 2017	2,413,255	(1,137,504)	(5,028)	101,651	39,262	(1,881,554)	(469,918)	-	(469,918)
Issue of new shares	3,029	-	-	-	-	-	3,029	-	3,029
Non-controlling interest arising from acquisition of a subsidiary	-	-	-	-	-	-	-	454	454
Loss for the period	-	-	-	-	-	(32,879)	(32,879)	89	(32,790)
Other comprehensive income									
Foreign currency translation	-	-	5,726	-	-	-	5,726	-	5,726
Total comprehensive income/(loss) for the period	-	-	5,726	-	-	(32,879)	(27,153)	543	(27,064)
Balance as at 30 September 2017	2,416,284	(1,137,504)	698	101,651	39,262	(1,914,433)	(494,042)	543	(493,499)

	<u>Share capital</u>	<u>Capital reserve</u>	<u>Currency translation reserve</u>	<u>Warrant reserve</u>	<u>Accumulated losses</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<u>The Company</u>						
Balance as at 1 January 2016	2,413,255	11,229	26,132	101,651	(2,910,597)	(358,330)
Issue of new shares	-	-	-	-	-	-
Issue of new warrants	-	-	-	-	-	-
Loss for the period	-	-	-	-	(46,591)	(46,591)
Other comprehensive income						
Foreign currency translation	-	-	(32,763)	-	-	(32,763)
Total comprehensive income/(loss) for the period	-	-	(32,763)	-	(46,591)	(79,354)
Balance as at 30 September 2016	2,413,255	11,229	(6,631)	101,651	(2,957,188)	(437,684)
Balance as at 1 January 2017	2,413,255	11,229	1,977	101,651	(2,933,460)	(405,348)
Issue of new shares	3,029	-	-	-	-	3,029
Issue of new warrants	-	-	-	-	-	-
Loss for the period	-	-	-	-	(37,205)	(37,205)
Other comprehensive income						
Foreign currency translation	-	-	(12,579)	-	-	(12,579)
Total comprehensive income/(loss) for the period	-	-	(12,579)	-	(37,205)	(49,784)
Balance as at 30 September 2017	2,416,284	11,229	(10,602)	101,651	(2,970,665)	(452,103)

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

As of 30 September 2017, there were 3,678,761,495 outstanding warrants. If all the outstanding warrants were converted to shares, there will be 8,292,852,106 shares issued.

The Company did not have any treasury shares as at 30 September 2017.

(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares as at 30 September 2017 is 4,614,090,611 shares (31 December 2016: 4,566,852,832 shares).

(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been reviewed or audited by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those applied in the Group's most recently audited financial statements for the year ended 31 December 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	3 months ended		9 months ended	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
a) EPS based on weighted average number of shares (RMB cents/ share)	0.36	(0.64)	(0.71)	(2.07)
b) EPS based on fully diluted basis (RMB cents/ share)	0.36	(0.64)	(0.71)	(2.07)
Weighted average number of shares applicable to earnings per share	4,614,090,611	4,566,852,832	4,614,090,611	4,566,852,832
Weighted average number of shares fully diluted basis	4,614,090,611	4,566,852,832	4,614,090,611	4,566,852,832

Basic earnings per share is calculated by dividing earnings for the period attributable to the equity holders of the Company by the weighted average number of ordinary shares issued during the financial period under review.

The dilutive earning per share is shown as the same amount as the basic earnings per share because the warrants are considered anti dilutive and ignored in the computation of diluted earnings per share.

7. Net asset value (for the Issuer and Group) per ordinary share based on issued share capital excluding treasury shares of the Issuer at the end of the:-
 (a) current financial period reported on; and
 (b) immediately preceding financial year.

	Group		Company	
	30/09/2017	31/12/2016	30/09/2017	31/12/2016
Net asset value per ordinary share based on issued share capital as at end of the period (RMB cents/share)	(10.69)	(10.44)	(9.79)	(6.56)

Net asset value for the Group and the Company as at 30 September 2017 and 31 December 2016 are computed based on 4,614,090,611 (31 Dec 2016 : 4,566,852,832) at the end of the financial period under review.

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors.

REVIEW OF RESULTS OF OPERATIONS

The Group's 9M 2017 Adjusted EBITDA* is a profit of RMB16 million.

In RMB'000	9M /2017	9M /2016
Net Profit/(Loss)	(32,790)	(92,127)
Add/(deduct)		
Depreciation	16,367	42,794
Interest expense	37,885	44,191
EBITDA	21,462	(5,142)
Foreign exchange (gain)/loss	(5,508)	(3,348)
Adjusted EBITDA	15,954	(8,490)

* Adjusted EBITDA demonstrates the real operating loss excluding non-cash items e.g. depreciation, amortization, interest expense and unrealized foreign exchange gain or loss etc.

For the third quarter ended 30 September 2017 ("9M 2017"), the Group generated revenue amounting to RMB13 million, a 116.7% or RMB7 million increase from RMB6 million recorded in the corresponding period of the preceding financial year ("9M 2016").

The Group reported a 9M 2017 net loss of RMB33 million, a 64% improvement compared to a net loss of RMB92 million for 9M 2016.

Interest expense amounted to RM37 million will be reversed after restructuring is confirmed.

This is mainly due to:

- (1) Additional gross profit of RMB4.4 million in line with higher revenue recorded in 9M 2017;
- (2) An increase in other non-operating income to RMB56 million in relation to the compensation received for the disposal of the Group's Gulei Farms to the PRC Authority;
- (3) An increase in foreign exchange gain to RMB6 million from RMB3.3 million in the corresponding period last year; partially offset by
- (4) An increase in other non-operating expenses to RMB25 million in 9M 2017 in relation to the compensation agreement for the disposal of the Group's Gulei Farms to the PRC Authority.

After deducting non-cash items including depreciation, amortisation, interest expense and unrealised exchange gain/loss, the Group derived a positive EBITDA of RMB16 million for 9M 2017, an marked improvement compared to a negative EBITDA of RMB8 million for the same period last year.

An analysis of the results by key business segment is as follows:-

China Operations

	3 months ended		Favourable /(Adverse) %	9 months ended		Favourable /(Adverse) %
	30/9/2017	30/9/2016		30/9/2017	30/9/2016	
	RMB'000	RMB'000	RMB'000	RMB'000		
Live marine products	32	317	(90%)	9,426	5,492	72%
Gain/(Loss) on fair value	310	448	(31%)	3,972	3,319	20%
Other operating income	233	139	68%	648	865	(25%)
Other non-operating income	32,225	-	100%	55,803	-	100%
Feed used	(376)	(79)	(>100%)	(588)	(167)	(>100%)
Electricity and fuel	(250)	(187)	(34%)	(1,162)	(463)	(>100%)
Staff costs	(295)	(630)	53%	(2,204)	(1,828)	(21%)
Other operating expenses	(489)	(1,388)	65%	(1,486)	(2,383)	38%
Other non-operating expenses	(20,527)	-	(100%)	(25,048)	-	(100%)
Net Profit/(Loss) Before Depn, Forex & Finance Cost	10,831	(1,697)	>100%	29,935	(657)	>100%

Sales for live marine products in 9M 2017 amounted to RMB9 million. This represents an increase of 72% from the RMB5 million recorded in the corresponding period last year, lifted by successful spawning achieved during the period.

Other non-operating income amounted to RMB56 million in 9M 2017 due to a compensation amount recognised during the quarter in relation to the disposal of the Group's Gulei Farms to the PRC Authority.

Direct production costs (referring to feed used, electricity and fuel and staff costs) for 9M 2017 amounted to RMB4 million, a 61% increase from RMB2.5 million during the same period last year due to the employment of temporary staff to support higher business volumes in tandem with the increase in sales activities for the live marine products segment in 9M 2017.

Other non-operating expenses for the third quarter ended 30 September 2017 amounted to RMB25 million for the administrative charges relating to the compensation agreements for the disposal of the Group's Gulei Farms to the PRC Authority.

Net profit for the China operations segment reversed to RMB30 million in 9M 2017 from a loss of RMB0.6 million, mainly lifted by the fair value gain on disposal of the Gulei Farms coupled with the higher contributions from the live marine products segment.

GROUP OPERATING ITEMS

Other operating income

Other operating income comprises mainly of discounts received from trade suppliers, scrap sales and rental income earned from the rental of farms to local farmers.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

REVIEW OF BALANCE SHEET

Total assets of the Group increased RMB166 million to RMB328 million as at 30 September 2017 from RMB162 million as at 31 December 2016. The increase is mainly attributed to an increase in cash and bank balances as a result of compensation received from the PRC Authority in relation to the disposal of the Group's Gulei farms, partially offset by a decrease in depreciation charges for this quarter.

Total current liabilities increased RMB162 million to RMB754 million as at 30 September 2017 from RMB592 million as at 31 December 2016. The increase was mainly due to:

- (1) A RMB138 million increase in trade and other payables due to the accrual for professional fees, as well as foreign exchange fluctuations;
- (2) A RMB45 million increase in convertible loans due to a reclassification of convertible loans from non-current liabilities, notional interest on convertible loan for the 9M 2017 period and foreign exchange fluctuations;
- (3) A RMB21 million decrease in derivatives liabilities due to foreign exchange fluctuations.

Non-current liabilities increased to RMB67 million as at 30 September 2017 from RMB47 million as at 31 December 2016.

Total equity decreased to a debit balance of RMB493 million at 30 September 2017 from a debit balance of RMB477 million as at 31 December 2016. The increase was due to the conversion of 47,237,779 warrants to share capital and the decrease was due to a RMB26 million reductions in currency translation reserves.

REVIEW OF CASH FLOW STATEMENT

The Group generated positive cash flow of RMB159 million for the nine months ended 30 September 2017. This is mainly attributed to the compensation amount received from the PRC Authority in 9M 2017 in relation to the disposal of the Group's Gulei Farms.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

In line with the Group's turnaround roadmap outlined to shareholders on January 25, 2016, it has successfully diversified its income streams, enhanced its farming business model and extended its value chain both upstream and downstream.

The Live Marine Products business segment continues to utilise the Group's science-and-evidence based approach and risk controls for efficient and productive farming. A new spawning cycle has commenced in November 2017, sales for juveniles from this cycle to sea farmers will commence from the first quarter of 2018. The Live Marine Products segment is typically cyclical in nature due to lead time required for the spawning cycle that is also subject to weather conditions, and its financial performance is subject to sales demand.

Concurrently, the Processed Marine Products segment has embarked on several new topline-accretive business initiatives. The Group had in July 2017 announced a collaboration agreement with long-time partner, BNY Abalone World Factory Outlet Pty Ltd, which will result in Oceanus' 60% interest in BNY. Maiden 2-month revenue of about RMB 1.9 million from this collaboration has been recognised this quarter under this segment, which remains profitable. A Singapore-based international sales office has also been set up to further sales expansion into the Asia-Pacific markets.

Oceanus has received healthy demand for both the Live Marine Products segment (abalone juvenile sales) and the Processed Marine Products (Oceanus canned abalones), and is exploring avenues to increase production to meet business demand. The Group is optimistic on the near-term growth potential of both segments.

Shortly after the establishment of the Group's consultation arm, Oceanus Tech Pte Ltd, in April 2017, the new subsidiary has secured its first consultancy project from a prominent SGX-listed agriculture group, to provide R&D-related services and studies.

Overall, the Group believes it is on track for its turnaround – the 72% rise in 9M 2017 revenue to RMB9.4 million reflects the effectiveness of management's efforts to drive business growth thus far. Notably, the Group would have recorded an adjusted EBITDA of RMB25 million in 9M 2017 after reversing the effect of losses incurred by discontinued operations, a marked improvement from the RMB7.5 million negative EBITDA recorded in 9M 2016.

Oceanus will continue to execute its turnaround strategies outlined above, working closely with International Enterprise (IE) Singapore and SPRING Singapore to prudently explore viable opportunities in Singapore and overseas, seek out strategic partners and potential investments to accelerate the turnaround efforts.

The Group is also working closely with leading institutions with a focus on cutting-edge aquaculture technology to further its science-and-evidence approach to farming to drive greater productivity and efficiency, as well as to sharpen its competitive edge.

The Board and Management are reasonably optimistic that the Group will be profitable in FY2017, barring any unforeseen circumstances.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared in respect of the current financial period.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There is no general mandate obtained from shareholders for the interested person's transactions.

14. Negative assurance confirmation on the interim financial results pursuant to Rule 705(5) of the listing manual.

The Board hereby confirms to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results for the 9 months ended 30 September 2017 to be false or misleading in any material respect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the SGX-ST Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the SGX-ST Listing Manual.

BY ORDER OF THE BOARD

Peter Koh Heng Kang,^{PBM}
Executive Director and Chief Executive Officer

13 November 2017