



**Oceanus Group Limited**

61 Robinson Road  
#10-01 Robinson Centre  
Singapore 068893  
Tel: +65 6837 0568  
Fax: +65 6837 2660

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

**UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS AND ANNOUNCEMENT FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2015 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)
	30/9/2015	30/9/2014		30/9/2015	30/9/2014	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
<b>Sales of aquaculture products</b>						
Sales of live marine products	-	486	(100)	891	1,434	(38)
Sales of processed marine products	-	-	-	163	-	100
	<b>-</b>	<b>486</b>	<b>(100)</b>	<b>1,054</b>	<b>1,434</b>	<b>(26)</b>
<b>Continuing operations</b>						
Gain/(Loss) arising from changes in fair value less cost to sell of biological assets	(1,916)	(6,008)	68	5,672	(8,438)	NM
Sales of processed marine products	-	-	-	163	-	100
	(1,916)	(6,008)	>100	5,835	(8,438)	NM
Cost of sales	(4)	-	(100)	(122)	-	(100)
Other operating income	660	155	>100	2,361	449	>100
Feed used	(225)	(1,752)	87	(637)	(10,535)	94
Electricity, fuel and water	(503)	(4,091)	88	(1,715)	(10,022)	83
Staff costs	(2,375)	(4,825)	51	(7,674)	(14,088)	46
Foreign currency gain/(loss)	(27,461)	(10,839)	>(100)	(24,591)	3,656	NM
Provision of redemption premium	(23,623)	-	(100)	(23,623)	-	(100)
Other operating expenses	(2,848)	(6,860)	58	(7,074)	(16,671)	58
Depreciation	(15,778)	(16,302)	3	(47,391)	(48,496)	2
Finance costs	29,469	(19,667)	NM	(10,168)	(57,017)	82
<b>Loss before income tax</b>	<b>(44,604)</b>	<b>(70,189)</b>	<b>36</b>	<b>(114,799)</b>	<b>(161,162)</b>	<b>29</b>
Income tax	-	(1)	100	-	(49)	100
<b>Loss for the year from continuing operations</b>	<b>(44,604)</b>	<b>(70,190)</b>	<b>36</b>	<b>(114,799)</b>	<b>(161,211)</b>	<b>29</b>
<b>Discontinued operations</b>						
Profit for the year from discontinued operations	(11)	(459)	98	68	21,353	>(100)
<b>Loss for the year</b>	<b>(44,615)</b>	<b>(70,649)</b>	<b>37</b>	<b>(114,731)</b>	<b>(139,858)</b>	<b>18</b>

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

	3 months ended		Favourable /(Adverse)	9 months ended		Favourable /(Adverse)
	30/9/2015 RMB'000	30/9/2014 RMB'000	%	30/9/2015 RMB'000	30/9/2014 RMB'000	%
<b><u>Continuing operations</u></b>						
Interest income	-	-	-	(1)	(1)	-
Interest expense						
(i) Coupon rate 5%	3,653	3,999	9	10,881	12,624	14
(ii) Notional interest	(34,481)	15,017	NM	(4,636)	42,519	NM
(iii) Loan interest	670	364	(84)	1,961	656	>(100)
(iv) Withholding tax	643	287	>(100)	1,916	1,218	(57)
(v) Others	46	-	(100)	46	-	(100)
Depreciation of property, plant and equipment	15,778	16,302	3	47,391	48,496	2
Amortisation of prepaid leases	122	153	20	367	480	24
Operating lease expenses	567	546	(4)	1,384	1,409	2
Gain on disposal of plant and equipment	(284)	-	100	(284)	-	100
Reversal of allowance for doubtful debts	-	(153)	(100)	-	(153)	(100)
Foreign exchange (gain)/loss	27,461	10,839	>(100)	24,591	(3,656)	NM
<b><u>Discontinued operations</u></b>						
(Gain)/loss on disposal of plant and equipment	-	404	(100)	-	(19,588)	(100)
(Gain)/loss on disposal of prepaid lease	-	1,338	(100)	-	(2,870)	(100)
Foreign exchange (gain)/loss	8	(1,566)	NM	(95)	1,088	NM

N/M: 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.**

	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30/9/2015</b>	<b>30/9/2014</b>	<b>30/9/2015</b>	<b>30/9/2014</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Loss for the period</b>	(44,615)	(70,649)	(114,731)	(139,858)
<b>Other comprehensive income</b>				
Exchange differences on translation of foreign operations	3,620	19,471	35,091	(3,033)
<b>Total comprehensive income for the period</b>	<b>(40,995)</b>	<b>(51,178)</b>	<b>(79,640)</b>	<b>(142,891)</b>
<b>Attributable to:</b>				
Equity holders of the Company	(40,995)	(51,178)	(79,640)	(142,891)

**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	
	30/9/2015	31/12/2014	30/9/2015	31/12/2014
	RMB'000	RMB'000	RMB'000	RMB'000
<b>ASSETS</b>				
<b><u>Current assets</u></b>				
Cash and bank balances	701	4,678	67	274
Trade receivables	-	-	-	-
Other receivables	15,218	13,930	33,198	24,768
Inventories	116	-	-	-
Biological assets	4,847	41	-	-
	<u>20,882</u>	<u>18,649</u>	<u>33,265</u>	<u>25,042</u>
<b><u>Non-current assets</u></b>				
Property, plant and equipment	389,563	438,156	-	-
Prepaid leases	10,346	10,785	-	-
Investment in subsidiaries	-	-	795,000	795,000
	<u>399,909</u>	<u>448,941</u>	<u>795,000</u>	<u>795,000</u>
<b>Total assets</b>	<b><u>420,791</u></b>	<b><u>467,590</u></b>	<b><u>828,265</u></b>	<b><u>820,042</u></b>
<b>LIABILITIES AND EQUITY</b>				
<b><u>Current liabilities</u></b>				
Trade payables	10,978	15,176	-	-
Other payables	69,244	71,290	47,005	63,368
Loans and borrowings	2,729	36,535	2,729	36,535
Current tax payable	23,948	23,948	-	-
Convertible loan	-	301,649	-	301,649
Derivative liabilities	-	118,749	-	118,749
	<u>106,899</u>	<u>567,347</u>	<u>49,734</u>	<u>520,301</u>
<b><u>Non-current liabilities</u></b>				
Convertible loan	259,269	-	259,269	-
Derivative liabilities	136,696	-	136,696	-
Deferred tax liabilities	5,568	5,828	5,568	5,828
	<u>401,533</u>	<u>5,828</u>	<u>401,533</u>	<u>5,828</u>
<b>Total liabilities</b>	<b><u>508,432</u></b>	<b><u>573,175</u></b>	<b><u>451,267</u></b>	<b><u>526,129</u></b>
<b><u>Capital and reserves</u></b>				
Share capital	2,413,255	2,373,685	2,413,255	2,373,685
Capital reserve	(1,137,504)	(1,137,504)	11,229	11,229
Currency translation reserve	95,303	60,212	41,189	18,259
Warrant reserve	159,665	101,651	159,665	101,651
Statutory reserve	39,262	39,262	-	-
Accumulated losses	(1,657,622)	(1,542,891)	(2,248,340)	(2,210,911)
Equity attributable to equity holders of the Company	<u>(87,641)</u>	<u>(105,585)</u>	<u>376,998</u>	<u>293,913</u>
<b>Total liabilities and equity</b>	<b><u>420,791</u></b>	<b><u>467,590</u></b>	<b><u>828,265</u></b>	<b><u>820,042</u></b>

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

	Group			
	As at 30 September 2015		As at 31 December 2014	
	Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Amount payable in one year or less, or demand	-	2,729	-	36,535
Amount repayable in one year or less	259,269	-	-	301,649
<b>Total</b>	<b>259,269</b>	<b>2,729</b>	<b>-</b>	<b>338,184</b>

**Details of any collateral**

**Secured**

Convertible loans of RMB259 million were secured by the Share Charge of Oceanus Aquaculture Group Pte Ltd which completed in a Proposed Restructuring Exercise on 2 September 2015.

The Company has completed the Proposed Warrants Restructuring Exercise on an Extraordinary General Meeting (EGM) held on 22 May 2015. In connection therewith, the Company has on 3 September 2015 issued an aggregate of 2,971,069,187 Restructuring Warrants and 647,237,779 New Warrants.

The restructured convertible loan was classified as non-current liabilities as they will expire on 31 December 2016.

The new warrants issued have a term of five (5) years commencing from the 1<sup>st</sup> Drawdown Date.

**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	
	30/9/2015	30/9/2014	30/9/2015	30/9/2014
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cash Flows from Operating Activities</b>				
Loss before income tax	(44,615)	(70,648)	(114,731)	(139,809)
Adjustments for:				
(Gain) Loss arising from changes in fair value less cost to sell of biological assets	1,916	6,008	(5,672)	8,438
Depreciation of property, plant and equipment	15,778	16,302	47,391	48,496
Gain on disposal of property, plant and equipment	(284)	404	(284)	(19,588)
Gain on disposal of prepaid lease	-	1,338	-	(2,870)
Reversal of allowance for doubtful debts	-	(153)	-	(153)
Provision for warrant redemption premium	23,623	-	23,623	-
Interest income	-	-	(1)	(1)
Interest expense	(29,469)	19,667	10,168	57,017
Amortisation of prepaid leases	122	153	367	480
Net foreign exchange difference	31,155	10,421	16,515	(1,609)
<b>Operating cash flows before working capital changes</b>	<b>(1,774)</b>	<b>(16,508)</b>	<b>(22,624)</b>	<b>(49,599)</b>
Trade receivables	-	153	-	158
Other receivables	(671)	1,512	(1,220)	11,454
Inventories	1	-	(116)	-
Biological assets	(61)	484	866	1,433
Trade payables	260	(638)	(4,198)	5,543
Other payables	(2,918)	784	10,829	3,669
<b>Cash used in operations</b>	<b>(5,163)</b>	<b>(14,213)</b>	<b>(16,463)</b>	<b>(27,342)</b>
Interest received	-	-	1	1
Interest paid	(46)	-	(46)	-
Income taxes paid	-	(1)	-	(49)
<b>Cash flows used in operating activities</b>	<b>(5,209)</b>	<b>(14,214)</b>	<b>(16,508)</b>	<b>(27,390)</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment	(113)	-	(113)	-
Proceeds from disposal of property, plant and equipment *	1,670	-	1,670	7,900
<b>Cash flows used in investing activities</b>	<b>1,557</b>	<b>-</b>	<b>1,557</b>	<b>7,900</b>
<b>Financing activities</b>				
Proceeds on loan from investors	3,626	15,443	10,974	17,415
Repayment of loan from investors	(34,597)	-	(34,597)	-
Issue of new convertible loan	34,597	-	34,597	-
<b>Cash flows from financing activities</b>	<b>3,626</b>	<b>15,443</b>	<b>10,974</b>	<b>17,415</b>
<b>Net decrease in cash and cash equivalent</b>	<b>(26)</b>	<b>1,229</b>	<b>(3,977)</b>	<b>(2,075)</b>
<b>Cash and cash equivalent at beginning of the period</b>	<b>727</b>	<b>2,227</b>	<b>4,678</b>	<b>5,531</b>
<b>Cash and cash equivalents at end of the period</b>	<b>701</b>	<b>3,456</b>	<b>701</b>	<b>3,456</b>

\* As at 30 September 2015, there was a disposal of Huilai farm no.7 (net book value of RMB1.39 million) amounting to RMB1.67 million giving a net gain on disposal of RMB0.28 million.

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

	9 months ended	
	30/09/2015	30/09/2014
	RMB'000	RMB'000
Cash and bank balances	701	3,456

**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
<b>The Group</b>									
Balance as at 1 Jan 2014	2,373,685	(1,137,504)	27,742	101,651	39,262	(1,347,408)	57,428	-	57,428
Loss for the period	-	-	-	-	-	(139,858)	(139,858)	-	(139,858)
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	(3,033)	-	-	-	(3,033)	-	(3,033)
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>(3,033)</b>	<b>-</b>	<b>-</b>	<b>(139,858)</b>	<b>(142,891)</b>	<b>-</b>	<b>(142,891)</b>
<b>Balance at 30 September 2014</b>	<b>2,373,685</b>	<b>(1,137,504)</b>	<b>24,709</b>	<b>101,651</b>	<b>39,262</b>	<b>(1,487,266)</b>	<b>(85,463)</b>	<b>-</b>	<b>(85,463)</b>
Balance as at 1 Jan 2015	2,373,685	(1,137,504)	60,212	101,651	39,262	(1,542,891)	(105,585)	-	(105,585)
Issue of new shares	39,570	-	-	-	-	-	39,570	-	39,570
Issue of new warrants	-	-	-	58,014	-	-	58,014	-	58,014
Loss for the period	-	-	-	-	-	(114,731)	(114,731)	-	(114,731)
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	35,091	-	-	-	35,091	-	35,091
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>35,091</b>	<b>-</b>	<b>-</b>	<b>(114,731)</b>	<b>(79,640)</b>	<b>-</b>	<b>(79,640)</b>
<b>Balance at 30 September 2015</b>	<b>2,413,255</b>	<b>(1,137,504)</b>	<b>95,303</b>	<b>159,665</b>	<b>39,262</b>	<b>(1,657,622)</b>	<b>(87,641)</b>	<b>-</b>	<b>(87,641)</b>

	<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
<b><u>The Company</u></b>						
Balance as at 1 Jan 2014	2,373,685	11,229	(712)	101,651	(2,114,644)	371,209
Loss for the period	-	-	-	-	(65,090)	(65,090)
<b><u>Other comprehensive income</u></b>						
Foreign currency translation	-	-	(36)	-	-	(36)
<b>Total comprehensive income/(loss) for the period</b>	-	-	(36)	-	(65,090)	(65,126)
<b>Balance as at 30 September 2014</b>	<b>2,373,685</b>	<b>11,229</b>	<b>(748)</b>	<b>101,651</b>	<b>(2,179,734)</b>	<b>306,083</b>
Balance as at 1 Jan 2015	2,373,685	11,229	18,259	101,651	(2,210,911)	293,913
Issue of new shares	39,570	-	-	-	-	39,570
Issue of new warrants	-	-	-	58,014	-	58,014
Loss for the period	-	-	-	-	(37,429)	(37,429)
<b><u>Other comprehensive income</u></b>						
Foreign currency translation	-	-	22,930	-	-	22,930
<b>Total comprehensive income/(loss) for the period</b>	-	-	22,930	-	(37,429)	(14,499)
<b>Balance as at 30 September 2015</b>	<b>2,413,255</b>	<b>11,229</b>	<b>41,189</b>	<b>159,665</b>	<b>(2,248,340)</b>	<b>376,998</b>



**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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

The Company has on 29 September 2015 allotted and issued an aggregate of 928,911,285 new Shares (comprising 727,588,306 Settlement Shares and 201,322,979 Accrued Interest Shares) to (i) Financing Shareholders Loans and (ii) accrued and default interest owing to OWIL and BWIL.

(a) an aggregate of 727,588,306 Settlement Shares comprising of:

- i. 218,276,491 Settlement Shares to 2 Financing Shareholders;
- ii. 307,590,285 Settlement Shares to Ocean Wonder International Limited; and
- iii. 201,721,530 Settlement Shares to BW Investment Limited.

(b) an aggregate of 201,322,979 Accrued Interest Shares comprising of:

- i. 121,585,619 Accrued Interest Shares to Ocean Wonder International Limited; and
- ii. 79,737,360 Accrued Interest Shares to BW Investment Limited.

The Company has completed the Proposed Warrants Restructuring Exercise on an Extraordinary General Meeting (EGM) held on 22 May 2015. In connection therewith, the Company has on 3 September 2015 issued an aggregate of 2,971,069,187 Restructuring Warrants and 647,237,779 New Warrants as below:

- i. 1,794,327,147 Restructuring Warrants to Ocean Wonder International Limited;
- ii. 1,176,742,040 Restructuring Warrants to BW Investment Limited;
- iii. 600,000,000 New Warrants to Ocean King Group Limited; and
- iv. 47,237,779 New Warrants to 2 Financing Shareholders.

As a result, the Company's share capital has increased from 3,637,941,547 shares as of 31 December 2014 to 4,566,852,832 shares as of 30 September 2015. As of September 30, 2015, there were 4,636,872,553 outstanding warrants. If all the outstanding warrants were converted to shares, there will be 9,203,725,385 shares issued.

The Company did not have any treasury shares as at 30 September 2015.

**(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 2015 is 4,566,852,832 shares (31 December 2014: 3,637,941,547 shares).

**(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares 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 2013.

**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	
	30/9/2015	30/9/2014	30/9/2015	30/9/2014
a) EPS based on weighted average number of shares (RMB cents/ share)	(1.23)	(1.94)	(3.15)	(3.84)
b) EPS based on fully diluted basis (RMB cents/ share)	(1.23)	(1.94)	(3.15)	(3.84)
Weighted average number of shares applicable to earnings per share	3,648,038,409	3,637,941,547	3,640,486,509	3,637,941,547
Weighted average number of shares fully diluted basis	3,648,038,409	3,637,941,547	3,640,486,509	3,637,941,547

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	
	30/09/2015	31/12/2014	30/09/2015	31/12/2014
Net asset value per ordinary share based on issued share capital as at end of the period (RMB cents/share)	(1.92)	(2.90)	8.26	8.08

Net asset value for the Group and the Company as at 30 September 2015 and 31 December 2014 are computed based on 4,566,852,832 shares at the end of the financial period under review.

The major contributions to the negative net asset value are the convertible loan and its derivative amounting to RMB259 million and RMB137 million respectively. If all the outstanding warrants were converted to shares, it will have a very favorable impact to the Group.

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 3Q 2015 Adjusted EBITDA\* is a loss of RMB7 million.

In RMB'000	Q3/2015	Q2/2015	Q1/2015	Q4/2014
<b>Net loss</b>	<b>(44,615)</b>	<b>(9,136)</b>	<b>(60,980)</b>	<b>(55,625)</b>
Add/(deduct)				
Income tax	-	(63)	63	-
Depreciation	15,778	15,802	15,811	15,989
Amortisation of prepaid lease	122	122	123	149
Interest expense	(29,469)	20,117	19,520	26,662
<b>EBITDA</b>	<b>(58,184)</b>	<b>(26,842)</b>	<b>(25,463)</b>	<b>(12,825)</b>
Foreign exchange (gain)/loss	27,469	(23,283)	20,310	3,213
Provision for redemption premium	23,623	-	-	-
Reversal loss on construction work in progress	-	-	-	(1,520)
(Reversal)/Write-down in value of inventories, net	-	-	-	(1,026)
Bad debt recovered	-	-	-	(1,030)
<b>Adjusted EBITDA</b>	<b>(7,092)</b>	<b>3,559</b>	<b>(5,153)</b>	<b>(13,188)</b>

\* 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.

The Group reported an YTD loss of RMB114.7 million against loss of RMB139.8 million for the same period last year. The favorable variance of RMB25 million was mainly due to the reversal of notional interest upon the completion of Proposed Restructuring Exercise amounting to RMB34.5 million and lower direct production costs for the 9M 2015. The decrease was offset against the provision for redemption premium of RMB23.6 million in relation to new and restructured convertible loans and unrealized foreign currency losses.

After deductions of those non-cash items such as depreciation, amortization, interest expense and unrealized foreign exchange loss, it showed a negative EBITDA. This negative adjusted EBITDA was due to the followings:

- (1) Gain or loss arising from changes in fair value of biological assets has decreased by RMB1.9 million due to higher mortality during the summer season in Q3 2015.
- (2) No cash inflow from sale in this quarter during the summer season as the management intends to keep the abalones to grow to bigger sizes to fetch good prices in Q4 2015.

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

## **Live Marine Products**

### **Biological Assets: standing population & valuation as at 30 September 2015**

#### **I. Total Population (figures expressed in Thousands)**

Sizes:

Large Size (5.8-8.2cm)  
Medium Size (3.8-5.7cm)  
Smaller Size (2.0-3.7cm)  
Juvenile (Approximate)

Total	
Unit	RMB'000
3,600	11
16,700	12
16,408,540	4,824
-	-
<b>16,428,840</b>	<b>4,847</b>

<b>II. <u>Caged Abalone Population (in '000 units)</u></b>	<b>3Q 2015</b>	<b>3Q 2014</b>	<b>Favourable /(Adverse)</b>
- Larger sizes (5.8cm and above)	4	677	(99%)
- Medium sizes (3.8-5.7cm)	17	8,031	(100%)
- Smaller sizes (2.0-3.7cm)	16,408	6,717	144%
Total Abalones	16,429	15,425	7%

  

<b>III. <u>Tanks Utilized</u></b>			
No. of Juvenile tanks used	1,292	305	(324%)
No. of Grow-out tanks used	14	2,283	(99%)
	1,306	2,588	(50%)

Most of the grow-out abalones had been sold in Q4 2014 in view of its quality issues, cost cutting and lack of price competitiveness.

The Company has recognized value for those juvenile abalones bred in Q4 2014 that have been grown up to above 2cm in sizes at fair value less cost to sell. The management intends to keep the abalones to grow to bigger sizes to fetch good prices at sales in coming peak season in Q4 2015.

The freed up tanks will be used for leasing, other joint ventures such as prawn and fish farming.

**Note: the population mix is one of the key production cost drivers.**

## **Live Marine Products (cont'd)**

	3 months ended		Favourable	9 months ended		Favourable
	30/9/2015	30/9/2014	/(Adverse)	30/9/2015	30/9/2014	/(Adverse)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
External sales	-	486	-100%	891	1,434	-38%
Gain/(Loss) on fair value of biological assets	(1,916)	(6,008)	68%	5,672	(8,438)	NM
Other operating income	660	155	>100%	2,320	444	>100%
Feed used	(225)	(1,752)	87%	(637)	(10,535)	94%
Electricity and fuel	(503)	(4,091)	88%	(1,715)	(10,022)	83%
Staff costs	(734)	(3,237)	77%	(2,387)	(9,073)	74%
Depreciation	(15,778)	(16,302)	3%	(47,391)	(48,496)	2%
Foreign exchange	5,443	9,922	-45%	22,704	7,577	>100%
Other operating expenses	6,548	(1,931)	NM	(1,833)	(8,180)	78%
Finance Costs	(46)	-	-100%	(46)	-	-100%
Net loss before tax	(6,551)	(23,244)	72%	(23,313)	(86,723)	73%

Sales for Live marine products in 9M 2015 were RMB891K representing a 38% lower compare to 9M 2014. There was no sale for 3Q2015 as the management intends to keep the abalones to grow to bigger sizes to fetch good prices at sale in next quarter.

Increase in other operating income was mainly attributable to discount received from trade supplier and scrap sales in Q3 2015.

Direct Production Costs refer to Feed, Electricity and Staff costs. Direct Production Cost for 9M 2015 of RMB4.7 million is RMB24.9 million or 84% lower than that in same period last year. The decrease was a result of cost cutting measures implemented by the management by consolidating operations into 3 farms in same location for better management and decreasing in grow-out abalone population.

Other operating expenses of RMB1.8 million which is 78% lower compared to last year. This comprised mainly security fee and professional fee amounting to RMB0.4 million and RMB0.5 million respectively.

## **GROUP OPERATING ITEMS**

### **Other operating income**

Other operating income comprising mainly discount received from trade suppliers and scrap sales.

**(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 decreased RMB47 million from RMB467 million as at 31 December 2014 to RMB420 million as at 30 September 2015. The decrease is mainly due to the depreciation charge during the 9 month period.

**Total current liabilities** decreased by RMB460 million from RMB567 million as at 31 December 2014 to RMB107 million as at 30 September 2015. The decrease was mainly due to:

- i) The old convertible loan and derivative liabilities have been extinguished and new and restructured warrants were issued upon the completion of Proposed Restructuring.
- ii) Repayment of outstanding interest payables due to old warrants in the form of issuance of new settlement shares and accrued interest shares amounting to RMB29.4 million and RMB11.6 million respectively.

- iii) Repayment of investor loans in the form of issuance of settlement shares and new warrants amounting to RMB12.6 million and RMB37.4 million respectively.

Offset against:

- iv) Additional loans received from investor amounting to RMB10.9 million during the 9M2015.

**Non-current liabilities** increase by RMB395 million was mainly due to reclassification of restructured convertible loan and derivative liabilities from current to non-current liabilities in accordance to the extension of maturity date to more than one year upon the completion of Proposed Restructuring Exercise.

**Total equity** decrease by RMB17.9 million to – RMB87.6 million as of 30 September 2015 was due to allotment and issue of new shares, increase in currency translation reserve and the restructured Convertible Loan after the EGM, held on 22 May 2015, offset against the 9M 2015 losses.

## REVIEW OF CASH FLOW STATEMENT

The Group generated a negative cash flow of RMB3.9 million for the 9 months ended 30 September 2015. In this quarter, the Group has received RMB3.6 million loans. This amount was solely used for working capital purposes.

### 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

Headwinds to economic growth in China over the next 12 months is getting stronger and the slowing down of the economy is hurting consumption as consumers become more cautious about spending, especially on luxury items.

This is a very challenging time for the Company, both financially and operationally, to maintain its revenue drivers in a tough market dampened by less exuberant consumer spending. The Company is pursuing possible M&A activities to diversify its farming activities.

The Chinese government has also earmarked Gulei peninsula for industrial and residential developments, and our farms in Gulei region are affected by the government master plan. We are expecting compensation for the resettlement of these farms.

## 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/recommendeded, a statement to that effect.**

Not applicable

**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. Use of Net Proceed from the Rights Issue**

The Group had fully utilized the nets proceeds of S\$28,250,000 raised from Rights Issue as of 30 June 2014 as disclosed in the Company's Unaudited Second Quarter Financial Statements and Announcement for the 6 months ended 30 June 2014, as announced on SGX-NET on 8 August 2014.

**15. 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 2015 to be false or misleading in any material respect.

**BY ORDER OF THE BOARD**

**Ng Cher Yew**  
**Executive Chairman**  
**9 November 2015**