



OCEANUS GROUP LIMITED

(Incorporated in the Republic of Singapore under Registration Number: 199805793D)
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QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF SGX-ST LISTING MANUAL

Oceanus Group Limited (the “**Company**”) has been placed on the watch-list with effect from 14 December 2015, pursuant to Rule 1311 of the SGX-ST Listing Manual. In accordance with Rule 1313(2) of the SGX-ST Listing Manual, the Board of Directors of the Company would like to provide the following quarterly update on the Company, together with its subsidiaries (collectively, the ‘**Group**’).

Update on Financial Situation

The Group has on 1 March 2019 released its financial statement for the full year ended 31 December 2018 (“**FY2018**”). Shareholders should refer to the announcement for further details.

For FY2018, the Group’s revenue rose 2.0% to RMB21.1 million compared to RMB20.7 million in the comparative period a year ago (“**FY2017**”). This was mainly due to maiden full year contribution from the marketing & media consulting subsidiary of RMB2.0 million, partially offset by a decline in the farming and FMCG segments.

Notably, the Group’s Farming segment saw improved profit margins largely due to the continued strategy to control direct production expenses and optimise resource efficiency.

The Group recorded its maiden operating net profit (before depreciation expenses) of RMB1.3 million as compared to net operating loss of RMB6.3 million in FY2017 which was largely attributed to overall improvement in gross profit margins and a fair value gain on its bio assets of RMB1.6 million as compared to fair value loss of RMB9.5 million in FY2017.

The Group experienced one-off events in FY2017, such as the RMB55.8 million compensation in relation to the acquisition of the Gulei Farms by the PRC Authority and redemption of convertible loans. As a result, the Group recorded a decrease in other non-operating income by RMB280 million in FY2018 in the absence of these one-off events. Despite this, the Group continued to record a net profit of RMB4.9 million in FY2018 (RMB189.3 profit million in FY2017) due to the absence of other non-operating expenses of RMB40.2 million, impairment of investment of subsidiary of RMB17.1 million and finance cost of RMB17.8 million incurred in FY2017 relating to the debt restructuring exercise that had completed in Q4 2017, which had removed all secured debt from the Group’s balance sheet.

Update on Future Direction

Following the successful completion of the Group's debt restructuring announced on December 26, 2017, the Group's balance sheet has been strengthened with a net cash position of RMB93.2 million and a positive net asset position of RMB112.0 million. Excluding non-recurring and extraordinary gains and losses, the financial year ended 2017 marks the first year that the Group has achieved operating profit (before depreciation expenses) based on its fundamental operations. With stronger fundamentals, Oceanus is now fully focused on pursuing both organic and inorganic long-term sustainable growth.

For its Farming segment, formerly known as the Hatchery or Live Marine Products segment, the Group will continue employing science and evidence-based farming techniques that will further reduce mortality rates and strengthen controls of its biological assets against various operating risks. It will also focus on increasing the efficiency of the segment's allocation and utilisation of resources to optimise operating margins; the Group's efforts are reflected in this quarter's improvement of farming segment margins.

Recently, Oceanus (together with Opal Resources) was awarded an 11,900 sqm farming site in Singapore by the Agri-Food and Veterinary Authority ("AVA"). The site, which was secured at a bid of S\$432,100, was the only land parcel for food farming to be awarded by the AVA. A joint venture company will be set up to develop seafood farm on the site, with a strong emphasis on sustainable practices and the use of cutting-edge aquaculture technology, to address Singapore's concern on food security. This is also in line with the Group's strategy to establish farming presence and operations in Singapore as part of its expansion efforts.

The FMCG segment, formerly known as the Processed Marine Products segment, commenced the launch of various products, such as canned mini abalone and "Babylone" since October 2018 and continues to explore various retail and e-commerce platforms. FMCG will also be focusing on its product and brand development with a view to increase collaborations with processing plants and distribution partners globally.

The Group has also made headway to strengthen its value chain and diversify its revenue streams. Its Marketing & Media Consulting subsidiary, Copy Comm, continues to contribute positively to the Group as it seeks third-party business opportunities apart from supporting the marketing needs of the Group.

The Group has also completed the acquisition of Alps Group, which is principally engaged in the production and distribution of environmentally-friendly disposables in Singapore under the locally established brand name "Cloversoft", in December 2018, to widen its revenue stream. This will allow the Group to further expand its capabilities in the FMCG distribution network and sustainable products sector

In line with the Group's intention to diversify and expand its footprint in the aquaculture industry, Oceanus had also made an investment into Barramundi Asia Pte Ltd, one of the world's largest Barramundi farming companies.

With regards to the SGX-ST watch list under the Financial Entry Criteria, the Group has met the necessary exit criteria and made an application to the SGX-ST to exit the watch list on the basis of its audited financials for FY2018. The Group hopes to be granted its exit from the Financial Criteria Watchlist in FY2018, and continues to work closely with the authorities to accelerate the process.

BY ORDER OF THE BOARD

Peter Koh Heng Kang, PBM
Executive Director and Chief Executive Officer

1 Mar 2019