



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)

Oceanus Group Limited

FIRST QUARTER UNAUDITED FINANCIAL STATEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

The quarterly reporting of financial statements is mandatory for the Company pursuant to Rule 705(2C) of the Mainboard Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness, or correctness of any of the information, statements or opinions made or reports contained in the announcement.

UNAUDITED FULL YEAR FINANCIAL STATEMENTS AND ANNOUNCEMENT FOR THE 3 MONTHS ENDED 31 MARCH 2020 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		Increase /
	31/3/2020	31/3/2019	(Decrease)
	RMB'000	RMB'000	%
Profit and Loss			
Revenue	4,496	3,710	21%
Cost of goods sold	(2,328)	(3,033)	-23%
Total Gross Profit	2,168	677	220%
Gain/(Loss) from changes in fair value less cost to sell of bio assets	-	1,325	-100%
Other operating income	6,356	656	869%
Other operating expenses	(5,526)	(4,507)	23%
Operating Profit/(Loss)	2,998	(1,849)	-262%
Non-Operating			
Impairment of investment in subsidiary/Disposal	-	225	-100%
Foreign exchange gain/(loss)	(4,415)	(4,824)	-8%
Profit/(Loss) for discontinued operations	-	449	-100%
EBITDA	(1,417)	(5,999)	-76%
Depreciation	(3,884)	(1,420)	174%
Finance Costs	(49)	-	0%
Profit/(Loss) before income tax	(5,350)	(7,419)	-28%
Income tax expense	-	-	0%
Profit/(Loss) for the period	(5,350)	(7,419)	-28%

(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	
	31/3/2020	31/3/2019
	RMB'000	RMB'000
Comprehensive Income		
Profit/(Loss) for the period	(5,350)	(7,419)
Other comprehensive income		
Exchange differences on translation of foreign operations	2,374	3,542
Total comprehensive income for the period	(2,976)	(3,877)
Total comprehensive profit/(loss) attributable to:		
Owners of the Company	(2,565)	(3,558)
Non-controlling interests	(411)	(319)
	(2,976)	(3,877)

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	
	31/3/2020	31/12/2019	31/3/2020	31/12/2019
	RMB'000	RMB'000	RMB'000	RMB'000
Balance Sheet				
Assets				
<u>Current assets</u>				
Cash and bank balances	81,495	87,752	26,074	38,813
Trade receivables	4,760	5,340	-	-
Other receivables	19,525	9,392	25,074	14,920
Inventories	2,365	2,818	-	-
	108,145	105,302	51,148	53,733
<u>Non-current assets</u>				
Property, plant and equipment	93,490	97,474	230	257
Right of use assets	1,136	905	-	-
Prepaid leases	2,171	2,306	-	-
Investment in subsidiaries	-	-	81,498	81,498
Other investment	397	413	-	-
Goodwill on consolidation	5,278	5,278	-	-
	102,472	106,376	81,728	81,755
Total assets	210,617	211,678	132,876	135,488
Liabilities and Equity				
<u>Current liabilities</u>				
Trade payables	9,066	7,124	-	-
Other payables	58,572	57,655	110,001	114,543
Loans and borrowings	3,350	4,232	3,350	3,484
Lease liabilities	640	666	-	-
Current tax payable	23,948	23,948	-	-
	95,576	93,625	113,351	118,027
<u>Non-current liabilities</u>				
Lease liabilities	393	409	-	-
Deferred tax liabilities	50	52	-	-
	443	461	-	-
Total liabilities	96,019	94,086	113,351	118,027
<u>Capital and reserves</u>				
Share capital	2,794,067	2,794,067	2,794,067	2,794,067
Capital reserve	(1,137,504)	(1,137,504)	11,229	11,229
Currency translation reserve	8,260	5,886	(8,491)	(10,960)
Statutory reserve	39,262	39,262	-	-
Accumulated losses	(1,591,873)	(1,586,936)	(2,777,280)	(2,776,875)
Equity attributable to equity holders of the Company	112,212	114,775	19,525	17,461
Non-controlling interests	2,386	2,817	-	-
Total equity	114,598	117,592	19,525	17,461
Total liabilities and equity	210,617	211,678	132,876	135,488

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	
	31/3/2020	31/3/2019
	RMB'000	RMB'000
Cash Flows		
Cash Flows from Operating Activities		
Profit/(Loss) before income tax	(5,350)	(7,419)
Adjustments for:	-	-
(Gain)/loss arising from changes in fair value less cost to sell of biological assets	-	(1,325)
Depreciation of property, plant and equipment	3,884	1,430
Amortisation of prepaid leases	135	15
Unrealised currency (gain)/loss	4,415	4,824
Operating profit/(loss) before working capital changes	3,084	(2,475)
Change in trade receivables	468	534
Change in other receivables	(11,028)	(971)
Change in inventories	352	(302)
Change in biological assets	-	(244)
Change in trade payables	2,016	798
Change in other payables	1,670	(569)
Cash (used in)/from operations	(3,438)	(3,229)
Interest received	-	-
Net cash (used in)/from operating activities	(3,438)	(3,229)
Cash Flows from Investing Activities		
Proceeds from disposal of property, plant and equipment	-	(65)
Net effect on Acquisition of Subsidiary	-	(646)
Acquisition of other investment/goodwill	-	(1,140)
Net cash generated/(used in) from investing activities	-	(1,851)
Cash Flows from Financing Activities		
Capital contributions from NCI in a subsidiary	-	(614)
Net cash (used in)/generated from financing activities	-	(614)
		-
Net increase (decrease) in cash and cash equivalent	(3,438)	(5,694)
Effect of cash and cash equivalent denominated in foreign currency	(2,819)	(254)
Cash and cash equivalent at beginning of the period	87,752	96,606
Cash and cash equivalents at end of the period	81,495	90,658

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.

Group	Share capital RMB'000	Capital reserve RMB'000	Currency translation reserve RMB'000	Warrant reserve RMB'000	Statutory surplus reserve funds RMB'000	Accumulated losses RMB'000	Total attributable to equity holders of the Company RMB'000	Non controlling interest RMB'000	Total RMB'000
At 1 January 2020	2,794,067	(1,137,504)	5,886	-	39,262	(1,586,936)	114,775	2,817	117,592
		-				2	2	(20)	(18)
Issue of new shares	-	-	-	-	-	-	-	-	-
Issue of new warrants	-	-	-	-	-	-	-	-	-
Non-controlling interest	-	-	-	-	-	-	-	-	-
Profit/(Loss) for the period	-	-	-	-	-	(4,939)	(4,939)	(411)	(5,350)
Other comprehensive income									
Foreign currency translation	-	-	2,374	-	-	-	2,374	-	2,374
Total comprehensive income/(loss) for the period	-	-	2,374	-	-	(4,939)	(2,565)	(411)	(2,976)
At 31 March 2020	2,794,067	(1,137,504)	8,260	-	39,262	(1,591,873)	112,212	2,386	114,598
At 1 January 2019	2,794,067	(1,137,504)	6,089	-	39,262	(1,566,692)	135,222	2,727	137,949
Adjustment for reserve	-	-	-	-	-	-	-	-	-
Issue of new shares	-	-	-	-	-	-	-	-	-
Non-controlling interest	-	-	-	-	-	-	-	(790)	(790)
Profit/(Loss) for the period	-	-	-	-	-	(5,580)	(5,580)	(319)	(5,899)
Other comprehensive income									
Foreign currency translation	-	-	3,542	-	-	-	3,542	-	3,542
Total comprehensive income/(loss) for the period	-	-	3,542	-	-	(5,580)	(2,038)	(319)	(2,357)
At 31 March 2019	2,794,067	(1,137,504)	9,631	-	39,262	(1,572,272)	133,184	1,618	134,802

Company	Share capital RMB'000	Capital reserve RMB'000	Currency translation reserve RMB'000	Warrant reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2020	2,794,067	11,229	(10,960)	-	(2,776,875)	17,461
		-				-
Issue of new shares	-	-	-	-	-	-
Issue of new warrants	-	-	-	-	-	-
Profit/(Loss) for the period	-	-	-	-	(405)	(405)
Other comprehensive income						
Foreign currency translation	-	-	2,469	-	-	2,469
Total comprehensive income/(loss) for the period	-	-	2,469	-	(405)	2,064
At 31 March 2020	2,794,067	11,229	(8,491)	-	(2,777,280)	19,525
At 1 January 2019	2,794,067	11,229	(9,212)	-	(2,804,507)	(8,423)
Adjustment for reserve		-		-	-	-
Issue of new shares	-	-	-	-	-	-
Issue of new warrants	-	-	-	-	-	-
Profit/(Loss) for the period	-	-	-	-	6	6
Other comprehensive income						
Foreign currency translation	-	-	1,283	-	-	1,283
Total comprehensive income/(loss) for the period	-	-	1,283	-	6	1,289
At 31 March 2019	2,794,067	11,229	(7,929)	-	(2,804,501)	(7,134)

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.

Following the completion of the debt restructuring on 26 December 2017, there are no outstanding warrants as of 31 March 2020.

The Company does not have any treasury shares as at 31 March 2020.

(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 31 March 2020 is 24,296,921,463 shares (31 December 2019: 24,296,921,463 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 2018.

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	
	31/3/2020	31/3/2019
a) EPS based on weighted average number of shares (RMB cents/share)	(0.02)	(0.020)
b) EPS based on fully diluted basis (RMB cents/share)	(0.02)	(0.020)
Weighted average number of shares applicable to earnings per share	24,296,921,463	24,296,921,463
Weighted average number of shares fully diluted basis	24,296,921,463	24,296,921,463

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	
	31/3/2020	31/12/2019	31/3/2020	31/12/2019
Net asset value per ordinary share based on issued share capital as at end of the period (RMB cents/share)	0.47	0.48	0.08	0.07

Net asset value for the Group and the Company as at 31 March 2020 and 31 December 2019 are computed based on 24,296,921,463 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.

For the first quarter ended 31 March 2020 ("1Q 2020"), the Group generated total revenue amounting to RMB4.5 million, a RMB0.8 million increase from RMB3.7 million recorded in the corresponding period of the preceding financial year ("1Q 2019").

The Group has registered a significant improvement in gross profit of 220% due to the strategic change of business model in the Group's Aquaculture segment to that of a farm lease-model. This change effectively allows the Group to maintain fixed income levels determined by contractual terms with other aquaculture farmers, whilst foregoing the high operating costs associated with full-scale juvenile farming. This also allows the group to hedge against risks of mortality and volatile abalone juvenile prices.

With the securing of additional contracts with farmers, the Group's Aquaculture segment generated total revenue amounting to RMB0.82 million in 1Q 2020, which represents a RMB0.45 million (or 2.22 times) increase from RMB0.37 million recorded in 1Q 2019.

The Group's Distribution segment generated total revenue amounting to RMB3.1 million in 1Q 2020, which represents a RMB0.6 million (or 0.8 times) increase from RMB2.5 million recorded in 1Q 2019. This was mainly attributed to the expansion of the Group's FMCG product line to include seafood distribution.

GROUP OPERATING ITEMS

Other operating income

In 1Q 2020, the Group had been paid a long-outstanding balance arising from a sale of a processing facility in China. This receipt of payment largely contributed to the Group's other operating income for 1Q 2020 amounting to RMB6.4 million, an increase of 9.7 times from RMB0.66 million recorded in 1Q 2019.

(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

The Group is in a positive **net asset** position of RMB114.6 million as at 31 March 2020.

Total assets of the Group decreased by RMB1.1 million from RMB211.7 million as at 31 December 2019 to RMB210.6 million as at 31 December 2019. This decrease is mainly attributed to the depreciation charges and a decrease in cash and bank balances.

Total current liabilities increased to RMB95.6 million as at 31 March 2020, compare to RMB96.3 million recorded as at 31 December 2019.

Non-current liabilities decreased by RMB0.02 million for deferred tax liabilities and lease liabilities as at 31 March 2020.

Total equity decreased to RMB114.6 million as at 31 March 2020, compared to RMB117.6 as at 31 December 2019.

REVIEW OF CASH FLOW STATEMENT

The Group generated net cash outflow of RMB3.4 million, resulting in positive closing cash balance of RMB81.5 million for the year ended 31 March 2020.

- 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.**

Having established a strong foundation for future growth through its four key growth pillars – Aquaculture, Distribution, Services and Innovation, the Group seeks to strengthen the competencies and synergies across its key business segments to achieve greater efficiency and scale, with the objective of driving each of the segment’s business development and achieving resilience in revenue for long-term sustainable growth.

Oceanus remains committed in its efforts towards addressing food security. The Group incorporated Fujian Sheng Li Seafood Co Ltd in September 2019 as the leasing arm of Oceanus Group, mainly involved in the management and leasing of the Group’s aquaculture farm plots located in Fujian, China. Its portfolio of four farm plots covers an area of 39.1 hectares with a total capacity of 6,074. As at 31 March 2020, the Group’s farm plots are fully leased out, providing the Group with a stream of recurring income.

The Group achieved a significant milestone in the expansion of its core Distribution segment through the establishment of a new subsidiary, Season Global Trading Pte. Ltd. (“**SGTPL**”), which was formed to allow a further expansion of FMCG distribution in the key markets of China and Southeast Asia. The Group will continue to leverage upon its expanded FMCG and extensive end-to-end distribution network, to identify potential business and continuously expand on its product lines and trading presence in the region.

The Group’s services segment continues to provide a diversified revenue stream with growing contributions from the media and marketing consulting arm, AP Media, and aquaculture consultancy services arm, Oceanus Tech. Award-winning AP Media made significant headway in the multimedia space and secured projects with notable clients including the National Gallery Singapore, the Agency for Science, Technology and Research and the National Heritage Board.

Oceanus’ Innovation pillar continues to explore science and evidence-based farming techniques and cutting-edge aquaculture technology to boost productivity through its strategic partnerships with various educational institutions namely Temasek Polytechnic, Nanyang Technological University, Republic Polytechnic, James Cook University, Jimei University and National Taiwan Ocean University. The Group will continue to engage potential partners and educational institutions on research and development of innovative solutions to address key issues such as food scarcity and environmental sustainability.

With regards to the SGX-ST Watchlist under the Financial Entry Criteria, in view of the Company’s latest unaudited full year financial statements for the financial year ended 31 December 2019 which was released on 28 February 2020, the Company will not be making an application to the SGX-ST in relation to the satisfaction of the Financial Exit Criteria on the basis of the FY 2018 Statements and the Group is seeking an extension of time to satisfy the criteria.

The Company is the legal and beneficial owner of 100% of the issued and paid-up share capital of Oceanus Investment Holdings Pte. Ltd. (**OIH**). OIH is the legal and beneficial owner of 510,000 ordinary shares (Alps Shares), representing 51% of the issued and paid-up share capital of Alps Group. Alps Commercial (Shanghai) Co., Ltd. is wholly-owned by Alps Group. OIH has entered in a binding term sheet for the sale of the Alps Shares with Shim Shi Yun Angela (Buyer) for the sale of the Alps Shares for a cash consideration of S\$1,150,000. As stated in the term sheet, parties agree to complete this proposed transaction by no later than 31 May 2020. None of the relative figures computed in the bases set out in Rule 1006 of the Mainboard Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST) for the proposed disposal exceeds 5%. Management is therefore of the view that this constitutes a “Non-Disclosable Transactions” under Chapter 10 and Practice Note 10.1 of the Mainboard Listing Rules.

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.

No dividend has been declared in respect of the current financial period in view of the Group's current accumulated losses position as at 31 March 2020.

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 3 months ended 31 March 2020 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
14 May 2020