



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 2018 released its financial statement for the financial quarter ended 31 December 2017 (“**4Q 2017**”) and financial year ended 31 December 2017 (“**12M 2017**”). Shareholders should refer to the announcement for further details.

For 12M 2017, the Group’s revenue doubled to RMB21 million, a 110% increase from RMB10 million reported in 12M 2016. For the first time in 5 years, Oceanus has also reported its first net profit of RMB176 million in FY2017, a significant reversal from a net loss of RMB62 million in FY2016. The Group also reported positive adjusted EBITDA of RMB188 million in FY2017, compared to a negative FY2016 EBITDA of RMB9 million.

This positive growth and profit bears testament to the effectiveness of its enhanced farming business model and extension of its value chain both up- and downstream, as well as its strengthened operational and risk management over the last three years, as outlined to shareholders in a turnaround roadmap announced on January 25, 2016.

Update on Future Direction

Following the successful completion of the Group’s debt restructuring announced on December 26, 2017, the effects of the restructuring exercise is reflected in the FY2017 balance sheet, where borrowings have been fully extinguished, compared to a total of RMB369 million loans in the preceding year. As at the end of FY2017, and for the first time in 7 years, the Group is in a positive net cash position of RMB114 million. This allows Oceanus to embark on its next chapter on a clean slate in the coming financial year ending December 31, 2018 (“**FY2018**”).

For the Live Marine Products segment, sales revenue amounted to RM18 million in 12M 2017, a 197% increase compared to the corresponding period last year. It has completed the subsequent spawning cycle and will continue to aggressively push sales in FY2018. The Group’s science-and-evidence based farming techniques has seen success in decreasing the mortality rates and improving risk controls of its biological assets.

The Group will continue working closely with partners, Temasek Polytechnic (“TP”) and James Cook University, to pursue aquaculture training and R&D, working towards the Group’s vision to move up the value chain and become a global premium seafood value chain manager, being at the forefront of cutting-edge aquaculture technology.

Oceanus Tech, which was incorporated in April 2017, has since secured an overseas 1-year consultancy project from a prominent SGX Mainboard-listed agriculture group, to provide aquaculture consultancy services. Oceanus Tech will continue to seek more of such opportunities to strengthen its track record and consulting capabilities.

The Group had on 18 July 2017 established Oceanus Oceanic Institute, which will focus on aquaculture education, research and development. During the year, Oceanus Group entered into a Memorandum of Understanding with TP at a launch event witnessed by Dr. Koh Poh Koon, Senior Minister of State, Ministry of Trade and Industry & Ministry of National Development, to collaborate on training, research and development relating to aquaculture and biomedical sciences under the Oceanus Innovation Centre @ Temasek Polytechnic, a centre jointly set up by Oceanus and TP at both Oceanus’ farms in China and on site in TP’s campus.

In December 2017, the Group announced the incorporation of a distribution center in Xiamen, China – Xiamen Oceanus Import and Export Ltd, which is expected to recognise its maiden revenue in FY2018. The Group is actively searching for import and export partners to expand its trading presence globally.

With regards to the watch list, the Group has met all necessary criteria required and hope to be granted our exit in FY2018. The Group will continue to work closely with our auditors and SGX to accelerate the process.

With a strengthened balance sheet and a positive net profit position, the Group is starting FY2018 on a strong note. Working closely with International Enterprise Singapore, Oceanus will continue to focus on driving growth by exploring viable opportunities both in Singapore and overseas, and to seek out strategic partners and potential investments. Oceanus will also create new revenue streams through diversification of the Group’s business model and explore earnings-accretive merger & acquisition opportunities.

BY ORDER OF THE BOARD

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

1 March 2018