



OCEANUS GROUP LIMITED

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NEWS RELEASE

**OCEANUS REPORTS FIRST NET PROFIT IN 5 YEARS OF RMB176 MILLION;
TURNS NET CASH POSITIVE FOLLOWING SUCCESSFUL DEBT
RESTRUCTURING**

- ***Positive adjusted EBITDA of RMB188 million in FY2017, reversing from EBITDA loss of RMB9 million in FY2016***
- ***First net cash position of RMB114 million in 7 years***
- ***Distribution arm to recognise maiden revenue in FY2018***
- ***Starts new financial year on clean slate; focused efforts to drive business growth through strategic partnerships, creation of new revenue streams and exploring earnings-accretive M&A opportunities***

Singapore, March 1, 2018 – Homegrown premium seafood value chain manager, Oceanus Group Limited (“**Oceanus**”, 欧圣集团, and together with its subsidiaries, the “**Group**”), reported a net profit of RMB176 million for the first time in five years, on doubled revenue to RMB21 million for the financial year ended December 31, 2017 (“**FY2017**”).

Following the completion of a debt restructuring exercise on December 26, 2017, Oceanus reported a net cash position of RMB114 million, having fully paid down and converted all borrowings and convertible loans in FY2017, compared to a negative net borrowings position of RMB359 million in the preceding financial year (“**FY2016**”).

Oceanus' Executive Director and Chief Executive Officer, Mr Peter Koh, said, "This is indeed a turning point for Oceanus and our faithful shareholders – it is our pleasure to report that Oceanus is now debt free and profitable. We have over the past years cleaned up operations, put in place robust controls and risk management processes and built a strong management team to lead Oceanus into its next phase of growth on strengthened fundamentals."

"Moving forward on a clean slate, we'll now focus our efforts to aggressively drive business growth and value to our shareholders through strategic business partnerships, creation of new revenue streams through diversification of the Group's business model and exploring earnings-accretive M&A opportunities."

The debt restructuring exercise completed on December 26, 2017 when 19,682,830,852 New Shares were issued, converting S\$71.8 million or 85.0% of Oceanus' total outstanding debt to equity. The balance S\$12.8 million or 15% debt was paid in cash, funded by the Group's internal resources. The New Shares that were issued also includes Subscription Shares relating to S\$6.0 million of fresh funding raised from new investors.

Financial Highlights

Oceanus reported RMB21 million revenue in FY2017, a 110% rise from RMB10 million reported in FY2016 mainly due to stronger contributions from the Live Marine Products segment.

The Live Marine Products segment revenue almost tripled to RMB17.6 million in FY2017, compared to RMB6 million last financial year, lifted by successful spawning and healthy demand for the Group's juvenile abalones during the year. Oceanus has completed the subsequent spawning cycle and will continue to aggressively push sales in FY2018.

Notwithstanding higher cost of sales in line with higher business volumes, FY2017 gross profit surged to RMB13 million, a 550% increase from RMB2 million in FY2016.

During the year, the Group also recorded other non-operating income of RMB244 million in relation to compensation received from the PRC authority on the Group's disposal of 13 abalone farms, as announced on March 6, 2017 and a reversal of derivative liabilities worth RMB150 million with the cancellation of warrants upon the completion of the debt restructuring exercise.

Excluding foreign exchange gain of RMB0.8 million, the Group recorded an adjusted EBITDA of RMB188 million in FY2017, reversing from a negative EBITDA of RMB9 million in FY2016.

For the first time in five years, Oceanus recorded a FY2017 net profit attributable to shareholders of RMB176 million, compared to a net loss of RMB62 million in FY2016.

For the financial quarter ended December 31, 2017, the Group's revenue rose to RMB8 million compared to RMB4 million in the equivalent period a year ago. Consequentially, Oceanus' net profit rose seven times to RMB209 million from RMB30 million across the same comparative periods.

Following the debt restructuring exercise, Oceanus saw the reversal of its balance sheet back into the black in FY2017 – cash and bank balances increased to RMB114 million as at 31 December 2017, compared to RMB10 million a year ago. Oceanus currently stands at a net cash position of RMB114 million.

Fully diluted earnings per share for FY2017 rose to 0.72 Singapore cent, compared to a fully diluted loss per share of 2.23 Singapore cents in FY2016. Net Asset Value per share reversed to 0.33 Singapore cent as at December 31, 2017 from the negative 10.44 Singapore cents recorded a year ago.

Forward Strategies

Over the last three years, Oceanus had transformed itself from a single-product, single-country business model, to a diversified business model today comprising farming (upstream), processing (mid-stream) and distribution (downstream), alongside greater emphasis on R&D.

On its core farming segment, it has also enhanced its business model, moving away from farming and selling full-grown abalones on land farms towards growing and selling abalone juveniles or spawns to sea farmers. Leveraging its competitive advantages as a land farm, such as reduced exposure to natural disasters and the ability to grow abalones in controlled environments, risks are effectively mitigated and operating costs have lowered by at least 40%.

Oceanus has also adopted a Science-and-Evidence-based approach to farming and believes that it is the only land-based abalone farm in the world to employ cutting-edge technologies under carefully controlled conditions. This is aimed at increasing production efficiency, breeding success rate and encouraging the growth, survival and propagation of premium seafood.

While the Group continues to farm abalone juveniles, it will also explore opportunities for product diversification into other premium seafood such as fish, prawns and sea cucumbers.

With its partners, Oceanus will also look into recirculation technology, bio-security measures prevention of disease outbreak, approximate analysis feed nutrition enhancement and genetic selection to maintain the Group's competitive edge.

The Group had in April 2017 incorporated its consultancy arm, Oceanus Tech Pte Ltd ("**Oceanus Tech**"), which had in FY2017 secured an overseas consultancy project from a prominent SGX Mainboard-listed agriculture group to provide aquaculture consultancy services.

Tapping on the expertise and network of its partners, Oceanus Tech will continue to seek more opportunities to provide aquaculture consultancy services to strengthen its track record and capabilities, striving towards Oceanus' vision to move up the value chain to become a global premium seafood value chain manager, being at the forefront of cutting-edge aquaculture technology.

The Group had in 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 Temasek Polytechnic ("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 Oceanus' farms in China and on site in TP's campus.

In line with a vision to grow its distribution business, Oceanus had in December 2017 incorporated a distribution center in Xiamen, China – Xiamen Oceanus Import and Export Ltd, which is expected to recognise its maiden revenue in FY2018. The Group will continue to actively seek import and export partnerships to expand its trading network globally.

Having met all necessary criteria required to exit the watch list, Oceanus will also work closely with its auditors and the relevant authorities to accelerate the process for its exit by FY2018.

About Oceanus Group Limited

Global premium seafood value chain manager, Oceanus Group Limited (“**Oceanus**”, and together with its subsidiaries, the “**Group**”), is listed on the Mainboard of the SGX-ST since May 2008. It harnesses synergies from its ecosystem comprising diversified businesses across the aquaculture value chain – farming (upstream), processing (mid-stream), distribution (downstream) and consultancy (R&D).

Supported by land farms in the People’s Republic of China, the Group employs a science-and-evidence-based approach to breed abalone juveniles and premium seafood under carefully controlled conditions, relying on cutting-edge aquaculture technology for effective and sustainable farming. These products can then be processed and distributed through Oceanus’ processing arm and distribution channels, respectively.

Working closely with the brightest minds and industry thought leaders, Oceanus strives to create a synergistic aquaculture ecosystem with a focus on food security and safety, as well as to revolutionise the age-old aquaculture farming and seafood industries.

For more information, please visit: <http://oceanus.com.sg/>

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