



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 12 May 2017 released its financial statement for the quarter ended 31 March 2017 (“**1Q 2017**”). Shareholders should refer to the announcement for further details.

For 1Q 2017 Group reported sales amounting to about RMB7 million, a 35% increase from RMB5 million in the corresponding period of the preceding financial year (“**1Q 2016**”). The Group reversed into profitability in 1Q 2017, reporting net profit after tax of RMB 34 million compared to a net loss after tax of RMB14 million a year ago. Although its net profit was mainly lifted by a RMB12 million fair value gain, it is notable that the Live Marine Products segment registered an operational profit for the first time in 6 years of RMB 4 million.

Update on Future Direction

The Group continues to progress on its turnaround roadmap, recording the first operational profit (excluding one-off items) for its Live Marine Products business segment in 6 years of RMB 4 million. This was due to successful spawning despite a spate of typhoons in the PRC, bearing testament to the merits of the Group’s science-and-evidence based farming approach and risk controls. The Live Marine Products segment is typically cyclical in nature due to lead time required for the spawning cycle, and its financial performance thereafter is subject to sales demand. Concurrently, the Processed Marine Products segment remains profitable and continues to contribute positively.

Following the announcement on March 2, 2017 on the sale of 13 abalone farms in the PRC to the PRC Authorities, the Group has recognised RMB 42 million, or about 23% of the expected gross compensation receivable of RMB 183 million. Net proceeds from the sale will be used to repay the Group’s remaining debt of S\$20 million, following a debt restructuring exercise announced on January 24, 2017, putting the Group on track to becoming debt free. The Group is currently in the process of progressively relocating parts of its operations affected by the sale of the land farms.

The Group will continue to execute its turnaround strategies, including the diversification of its income streams via upstream and downstream extension of its value chain; working closely with leading institutions with a focus on cutting-edge aquaculture technology to further its science-and-evidence approach to farming to drive greater productivity and efficiency; as well as the recovery and strengthening of its balance sheet.

The Board and Management are reasonable optimistic that the Group will be profitable in FY2017, barring any unforeseen circumstances.

BY ORDER OF THE BOARD

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

12 May 2017