



OCEANUS GROUP LIMITED

(Incorporated in the Republic of Singapore under Registration Number: 199805793D)
31 Harrison Road, Food Empire Building #11-03/04, Singapore 369 649
Tel: +65 6285 0500 Fax: +65 6280 0822

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 13 November 2018 released its financial statement for the nine-month period ended 30 September 2018 (“**9M 2018**”). Shareholders should refer to the announcement for further details.

For 9M 2018, the Group’s revenue rose 7% to RMB13.8 million compared to RMB12.8 million in the comparative period a year ago (“**9M 2017**”). This was mainly due to maiden 9-month contribution from the marketing & media consulting subsidiary of RMB1.4 million, and improved performance from the Farming and Consultancy segments, partially offset by a decline in the FMCG segment that has formally ceased its collaboration and joint venture with BNY, as announced on 1 March 2018.

Notably, the Group’s Farming segment saw improved profit margins largely due to the successful execution of measures implemented to better control direct production expenses and improve the efficiency of the use of resources.

Despite the absence of a compensation amount recognised in 9M 2017 relating to the acquisition of the Gulei Farms by the PRC Authority, the Group recorded a turnaround in 9M 2018 net profit to RMB4.1 million compared to a net loss of RMB32.8 million in 9M2017 due to overall improvement in gross profit margins, reduced depreciation expenses and an absence of a RMB37.9 million finance cost incurred in 9M 2017 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 RMB94.9 million and a positive net asset position of RMB108.2 million. 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.

The FMCG segment, formerly known as the Processed Marine Products segment, continues to explore collaborations with other processing plants in Australia and abroad, with a view to expand and strengthen its processing network. Oceanus has so far established a working relationship with another party in respect of the development and sale of its upcoming FMCG products. Separately, the Group has also formally ceased its collaboration and joint venture with BNY, and both parties have reached a settlement. This is not expected to have any material impact on the Group's financial performance in FY2018, as announced on 19 October 2018.

The Consultancy segment, led by the Group's subsidiary, Oceanus Tech, has extended its overseas 1-year consultancy project with a prominent SGX Mainboard-listed agriculture group until March 2019. Under the scope of the project, Oceanus will continue to provide aquaculture consultancy services to the customer.

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. In line with the Group's intention to diversify its business model and establish itself as a leader 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 FY2017. 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

13 November 2018