



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 14 May 2018 released its financial statement for the financial quarter ended 31 March 2018 (“**1Q 2018**”). Shareholders should refer to the announcement for further details.

For 12M 2017, the Group’s revenue declined 24% to RMB5.5 million compared to RMB7.1 million. This was due mainly to lower live marine products revenue recorded this quarter resulting from an industry-wide fluctuation in juvenile prices. During the quarter, the Group also reported maiden revenue from the recently-established marketing and media consulting subsidiary, Capy Comm Pte Ltd. (“**Capy Comm**”), in line with its income diversification efforts.

The Group reported a 1Q 2018 net loss of RMB8.3 million compared to a net profit of RMB34.8 million for 1Q 2017, and a negative adjusted EBITDA of RMB0.1 million this quarter. This is mainly due to the absence of a RMB12 million gain recorded in 1Q2017 relating to the disposal of the Group’s Gulei Farms to the PRC Authority and a foreign exchange loss recorded this quarter compared to a RMB45 million gain recorded in 1Q 2017.

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 RMB106 million. With stronger fundamentals, Oceanus is now fully focused on pursuing both organic and inorganic long-term sustainable growth in the coming financial year ending December 31, 2018 (“**FY2018**”).

For the Live Marine Products segment, the Group will continue its hatchery business model as employing a science-and-evidence based farming technique has resulted in decreasing the mortality rates successfully and improved risk controls of its biological assets.

While the Processed Marine Products segment has received warm reception for the premium Oceanus branded canned abalones, production has temporarily slowed in view of the cessation of the Group's collaboration with BNY announced on 1 March 2018. The Group is actively seeking collaboration with other processing plants in Australia and abroad, with a view to expand and strengthen its processing network.

The Consultancy segment, led by the Group's subsidiary, Oceanus Tech, continues to service its 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 has also on 23 April 2018 announced that it has entered into a memorandum of understanding with investment holding company, Shaw Investment Holdings Pte Ltd, and a subsidiary of the world's largest construction group, China Construction Seventh Engineering Division Corp., Ltd., to explore global aquaculture-related investment opportunities and development projects worth about US\$500 million.

Concurrently, Oceanus is also working at pace to execute the Oceanus Aquapolis City project, a sea-based hi-tech aquaponics farm that aims to be the solution to food security and safety in Singapore and beyond. The project in its final stage of fruition will be worth several hundred millions of dollars and will take 5 to 7 years from its current conceptualisation to launch. The Group is actively seeking strategic partners and investors to accelerate the progress of this game-changing project.

Oceanus will also continue working closely with partners, Temasek Polytechnic 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.

The Group's Marketing & Media Consulting subsidiary, Capy Comm Pte Ltd. ("**Capy Comm**"), has secured three third-party contracts and contributed its maiden revenue of RMB244,000 this quarter. Capy Comm will continue to support the Group's marketing functions while pursuing third-party projects to contribute positively to the Group.

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 its exit in FY2018. The Group will continue to work closely with our auditors and SGX to accelerate the process.

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 exploring earnings-accretive merger & acquisition opportunities.

BY ORDER OF THE BOARD

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

14 May 2018