



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 13 May 2020 released its financial statement for the financial quarter ended 31 March 2020 (“**1Q 2020**”). Shareholders should refer to the announcement for further details.

For 1Q 2020, the Group generated total revenue amounting to RMB4.5 million, a RMB0.8 million increase from RMB3.7 million recorded in the corresponding period of the preceding financial year (“**1Q 2019**”).

The Group has registered a significant improvement in gross profit of 220% due to the strategic change of business model in the Group’s Aquaculture segment to that of a farm lease-model. This change effectively allows the Group to maintain fixed income levels determined by contractual terms with other aquaculture farmers, whilst foregoing the high operating costs associated with full-scale juvenile farming. This also allows the group to hedge against risks of mortality and volatile abalone juvenile prices.

With the securing of additional contracts with farmers, the Group’s Aquaculture segment generated total revenue amounting to RMB0.82 million in 1Q 2020, which represents a RMB0.45 million (or 2.22 times) increase from RMB0.37 million recorded in 1Q 2019.

The Group’s Distribution segment generated total revenue amounting to RMB3.1 million in 1Q 2020, which represents a RMB0.6 million (or 0.8 times) increase from RMB2.5 million recorded in 1Q 2019. This was mainly attributed to the expansion of the Group’s FMCG product line to include seafood distribution.

Update on Future Direction

Having established a strong foundation for future growth through its four key growth pillars – Aquaculture, Distribution, Services and Innovation, the Group seeks to strengthen the competencies and synergies across its key business segments to achieve greater efficiency and scale, with the objective of driving each of the segment’s business development and achieving resilience in revenue for long-term sustainable growth.

Oceanus remains committed in its efforts towards addressing food security. The Group incorporated Fujian Sheng Li Seafood Co Ltd in September 2019 as the leasing arm of Oceanus Group, mainly involved in the management and leasing of the Group’s aquaculture farm plots located in Fujian, China. Its portfolio of four farm plots covers an area of 39.1 hectares with a total capacity of 6,074. As at 31 March 2020, the Group’s farm plots are fully leased out till [Date], providing the Group with a stream of recurring income.

The Group achieved a significant milestone in the expansion of its core Distribution segment through the establishment of a new subsidiary, Season Global Trading Pte. Ltd. (“**SGTPL**”), which was formed to allow a further expansion of FMCG distribution in the key markets of China and Southeast Asia. The Group will continue to leverage upon its expanded FMCG and extensive end-to-end distribution network, to identify potential business and continuously expand on its product lines and trading presence in the region.

In addition, the Group’s Distribution segment has expanded its fish meal distribution business to include other quality seafood products. In line with the broadened business operations, Oceanus Feed was renamed to Asia Fisheries, reflecting the business expansion. Currently, Asia Fisheries exports wild and farmed seafood from Indonesia and Thailand, such as softshell crab, sashimi grade tuna and cuttlefish to Singapore, the United States, the United Kingdom, Australia and Japan.

As part of the Group’s efforts to focus on its core products, the Group has entered into a binding term sheet for the sale of its 51% ownership of Alps Group for approximately \$1.2 million. The proposed transaction will be completed by no later than 31 May 2020.

The Group’s services segment continues to provide a diversified revenue stream with growing contributions from the media and marketing consulting arm, AP Media, and aquaculture consultancy services arm, Oceanus Tech. Award-winning AP Media made significant headway in the multimedia space and secured projects with notable clients including the National Gallery Singapore, the Agency for Science, Technology and Research and the National Heritage Board.

Oceanus’ Innovation pillar continues to explore science and evidence-based farming techniques and cutting-edge aquaculture technology to boost productivity through its strategic partnerships with various educational institutions namely Temasek Polytechnic, Nanyang Technological University, Republic Polytechnic, James Cook University, Jimei University and National Taiwan Ocean University. The Group will continue to engage potential partners and educational institutions on research and development of innovative solutions to address key issues such as food scarcity and environmental sustainability.

With regards to the SGX-ST Watchlist under the Financial Entry Criteria, in view of the Company’s latest unaudited full year financial statements for the financial year ended 31 December 2019 which was released on 28 February 2020, the Company will not be making an application to the SGX-ST in relation to the satisfaction of the Financial Exit Criteria on the basis of the FY 2018 Statements. The Group will apply for an extension of time to satisfy the criteria in relation to the Financial Exit Criteria on the basis of its FY2020 financial performance.

BY ORDER OF THE BOARD

Peter Koh Heng Kang, ^{PBM}
Executive Director and Chief Executive Officer

14 May 2020