



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 August 2019 released its financial statement for the six-month period (“**1H 2019**”) and financial quarter ended 30 June 2019 (“**2Q 2019**”). Shareholders should refer to the announcement for further details.

The Group reported a 262% year on year (“**YoY**”) increase in revenue to RMB15.5 million in 2Q 2019 and a 97% YoY growth in 1H 2019 revenue. This was mainly lifted by new revenue streams contributed by Alps Group Pte Ltd (“**Alps Group**”), AP Media Pte Ltd (“**AP Media**”) as well as Oceanus Feed Pte Ltd (“**Oceanus Feed**”).

In line with the higher revenue, the Group recorded higher operating expenses that was more than offset by increased unrealised exchange gain/loss. Due to a significant increase in cost of goods sold resulting from increased trading volume on a year-on-year basis, the Group derived an EBITDA of RMB0.08 million for 1H 2019, as compared to an EBITDA of RMB7.3 million for the same period last year. The Group will continue to optimise the cost structures of its new businesses to improve margin efficiencies.

Overall, the Group reported a net profit of RMB1.3 million for 2Q 2019, a 90% decline from RMB12.9 million in 2Q 2018. 1H 2019 registered a net loss of RMB6.1 million compared to a net profit of RMB4.5 million in 1H 2018, mainly due to a reduction in contributions from the aquaculture pillar as a result of lower sales – a deliberate decision to hold back in anticipation of an expected increase in prices of juvenile abalones. The Group will continue to monitor market conditions so as to optimise sales prices achieved, as well as control direct production expenses and improve the efficiency of use of resources for its hatchery segment.

Update on Future Direction

In line with the Group's intention to expand its business model beyond being a "one product, one country" company, Oceanus is prudently building an ecosystem of synergistic businesses across the aquaculture value chain beyond its farming business. To better reflect its business direction, Oceanus has reorganised the Group's businesses into four key growth pillars – Aquaculture, Distribution, Services and Innovation. Recognising aquaculture as a cornerstone of Oceanus' business, synergistic businesses were brought together – this not only creates new and diversified revenue streams, it also allows cross-fertilisation of business opportunities. These businesses are also highly scalable and will form the building blocks to Oceanus' growth. While they work seamlessly together, each entity is fully accountable for its financial performance, ensuring that all entities are working towards a common objective to enhance shareholder value.

The Group is pleased that its recent acquisitions are topline accretive, as reflected in this quarter's revenue growth. While these businesses aggressively seek to improve its financial performance, a gestation period is required for the Group to refine the business models and optimise its cost structures for better margin efficiencies.

In the mid-term, the Group expects the Distribution (comprising the FMCG and trading businesses) and Services (offers marketing and aquaculture consultancy solutions) segments to be the key financial growth drivers, as it continues to diversify revenue streams for the Aquaculture segment beyond its transformed Hatchery business. The Group is currently conducting feasibility studies to ensure the long-term business sustainability of this land parcel. In China, Oceanus intends to incorporate a leasing arm to monetise unused farm plots in Fujian. Meanwhile, Oceanus continues to work with its partners under the Innovation pillar to pursue cutting-edge aquaculture R&D to remain ahead of the curve.

With regards to the SGX-ST watch list under the Financial Entry Criteria, the Company has applied for extension of time on 29 July 2019 to fulfil the Financial Exit Criteria by 14 Oct 2019.

BY ORDER OF THE BOARD

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

13 August 2019