



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 November 2019 released its financial statement for the nine-month period (“**9M 2019**”) and financial quarter ended 30 September 2019 (“**3Q 2019**”). Shareholders should refer to the announcement for further details.

The Group reported a 364% year on year (“**YoY**”) increase in revenue to RMB18.6 million in 3Q 2019 and a 174% YoY growth in 9M 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. With a significant increase in business expansion costs and increased overall staff sizing, the Group derived an EBITDA of RMB4.2 million for 9M 2019, as compared to an EBITDA of RMB8.2 million for the same period last year. The Group will continue to grow its various segments, while optimising the cost structures of its new businesses to improve margin efficiencies.

Overall, the Group reported a net loss of RMB1.4 million for 3Q 2019, a 174% increase from a net loss of RMB0.5 million in 3Q 2018. 9M 2019 registered a net loss of RMB7.5 million compared to a net profit of RMB4.1 million in 9M 2018, mainly due to a rise in business expansion costs and a reduction in contributions from the aquaculture pillar as a result of the Group’s conscious efforts to diversify its overall revenue across the various segments.

Update on Future Direction

The Group continues to execute its strategy of building an ecosystem of synergistic businesses across the aquaculture value chain beyond its farming business, as it reorganised its businesses into four key growth pillars – Aquaculture, Distribution, Services and Innovation – establishing new and diversified revenue streams. Moving on from the laying of foundation for future growth, the Group will thereafter focus its strategy on strengthening the synergy between its key growth pillars to achieve greater efficiency and scale, with the objective of ramping up each of the segment's business and revenue sizes.

Recognising the importance of food security and sustainability, Oceanus will also continue its efforts in addressing Singapore's food security. Through strategic investments in various aquaculture and seafood businesses, Oceanus will grow together with its partners, while addressing ongoing food security concerns through the propagation of sustainable farming practices.

The Group's Distribution segment is looking to build upon its fish meal distribution business to include other quality seafood products. The Group will also be leveraging 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. It will actively engage leading retail brands and e-commerce platforms to reach out to a wider range of consumers.

The Group's services segment continues to provide a diversified revenue stream with growing contributions from the newly-acquired media and marketing consulting arm, AP Media, and aquaculture consultancy services arm, Oceanus Tech. AP Media continues to gain momentum in the multimedia space and was recently engaged in the multimedia exhibition at the National Gallery Singapore.

Through strategic partnerships with educational institutions, Oceanus' Innovation pillar has developed a range of science and evidence-based farming techniques and cutting-edge aquaculture technology for to boost productivity. The Group will continue to engage educational institutions on research and development of innovative solutions to address key issues such as food scarcity and environmental sustainability. In June 2019, the Group entered into a memorandum of understanding ("MOU") with Temasek Polytechnic to collaborate with the Aquaculture Innovation Centre ("AIC") consortium in aquaculture research activities in areas such as joint research, intellectual assets enhancement projects and providing student training opportunities in Oceanus' farms.

With regards to the SGX-ST Watchlist under the Financial Entry Criteria, the Group is on track to complete the revision of the Company's FY 2017 Statements by 15 November 2019 and the revision of the Company's FY 2018 Statements within three months thereafter. Oceanus will be in a position to make an application to the SGX-ST to exit the Watchlist after the revision of the Company's FY 2017 Statements and FY 2018 Statements.

BY ORDER OF THE BOARD

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

14 November 2019