



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 11 August 2017 released its financial statement for the quarter ended 30 June 2017 (“**2Q 2017**”) and six months financial period ended 30 June 2017 (“**1H 2017**”). Shareholders should refer to the announcement for further details.

For 1H 2017 Group reported sales amounting to about RMB10 million, a 77% increase from RMB6 million in the corresponding period of the preceding financial year (“**1H 2016**”). This reflects the effectiveness of management’s efforts to drive business growth thus far. The Group recorded narrowed net loss of RMB50 million in 1H 2017, compared to RMB63 million in 1H 2016.

The Group’s adjusted EBITDA for 1H 2017 turned around to a positive RMB 0.3 million, compared to the negative RMB6 million recorded a year ago. Notably, the Group would have recorded an adjusted EBITDA of RMB15 million in 1H 2017 after reversing the effect of losses incurred by discontinued operations, a marked year-on-year improvement.

Update on Future Direction

The Live Marine Products business segment continues to utilise the Group’s science-and-evidence based approach and risk controls for efficient and productive farming. The Live Marine Products segment is typically cyclical in nature due to lead time required for the spawning cycle and its financial performance is subject to sales demand.

Concurrently, the Processed Marine Products segment has embarked on several new topline-accretive business initiatives. During 1H 2017, the Group entered into a MOU with WSRC Holdings Pte Ltd to expand the Group’s abalone and seafood business in the PRC. Towards this end, WSRC has agreed to purchase 250 cartons of Oceanus’ canned abalones or a sales equivalent of S\$250,000, whichever is higher, and will also strive to purchase at least 500 cartons or a sales equivalent of S\$500,000, whichever is higher, within a year of the commencement of the MOU on June 13, 2017. Subsequent to 1H 2017, the Group also announced a collaboration agreement with long-time partner, BNY Abalone World Factory Outlet Pty Ltd, which will result in Oceanus’ 60% interest in BNY. A Singapore-based international sales office has also been set up to further sales expansion into the Asia-Pacific markets.

Shortly after the establishment of the Group's consultation arm, Oceanus Tech Pte Ltd, in April 2017, the new subsidiary has secured its first consultancy project from a prominent SGX-listed agriculture group, to provide R&D-related services and studies. Maiden revenue from the 1-year consultancy project has been recognised this quarter under the new Consultancy business segment.

Following the announcement on March 2, 2017 on the sale of 13 abalone farms in the PRC to the PRC Authorities, the Group has to-date recognised RMB 95 million, or about 52% of the expected gross compensation receivable of RMB 183 million. The Group has also on July 26, 2017 signed a binding term sheet to advance its debt restructuring exercise, after which Oceanus will have approximately S\$20 million debt remaining, which will be paid through net proceeds received from the sale of the aforementioned 13 abalone farms, putting the Group on track to becoming debt free. Additionally, the Group has secured S\$6.0 million of fresh funding from new investors through the issuance of new shares to fund new business initiatives that will aid acceleration of the Group's turnaround efforts.

Oceanus will continue to execute its turnaround strategies, including the diversification of its income streams via upstream and downstream extension of its value chain; working closely with leading institutions with a focus on cutting-edge aquaculture technology to further its science-and-evidence approach to farming to drive greater productivity and efficiency; as well as the recovery and strengthening of its balance sheet.

The Board and Management are reasonably optimistic that the Group will be profitable in FY2017, barring any unforeseen circumstances.

BY ORDER OF THE BOARD

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

11 August 2017