



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 9 November 2020 released its financial statement for the nine-month period (“**9M 2020**”) and financial quarter ended 30 September 2020 (“**3Q 2020**”). Shareholders should refer to the announcement for further details.

The Group reported a significant 364% year on year (“**YoY**”) increase in revenue to RMB175.3 million in 9M 2020. This was mainly attributed to an increase of rental and contract farming revenue derived from the Group’s Aquaculture segment, which has contributed RMB11.0 million in revenue in 9M 2020. The strategic change of business model in the Group’s Aquaculture segment to include farm lease-model as well as contract farming arrangements with other aquaculture farmers in the region has allowed the Group to maintain fixed income levels determined by contractual terms with other aquaculture farmers. At the same time, the Group can forego high direct operating costs associated with a full-scale juvenile farming. This also allows the Group to hedge against risks of mortality and volatile abalone juvenile prices. In addition, the expansion of the Group’s Distribution segment in fast-moving consumer goods (“**FMCG**”) goods contributed RMB155.9 million in revenue in 9M 2020.

The Group’s total gross profit recorded a 220% improvement, increasing from RMB3.4 million recorded in 9M 2019 to RMB19.3 million in 9M 2020.

The Group has continued to successfully implement cost optimising strategies, further reducing other operating expenses by 16% from RMB16.2 million in 9M 2019 to RMB13.6 million in 9M 2020.

In 9M 2020, the Group had received one-off proceeds for a long-outstanding balance arising from a prior sale of a processing facility in China. These proceeds were awarded following the winning of a court case. This receipt of payment largely contributed to the Group’s other operating income for 9M 2020 amounting to RMB9.3 million, an increase of 243% from RMB2.7 million recorded in 9M 2019.

Update on Future Direction

Oceanus has made significant progress towards sustainable growth, having successfully increased its product range and expanded its distribution across the Asia Pacific. This is evident in the Group's level of turnover for the 9 months ended 30 September 2020 at RMB175.3 million – the highest in 8 years. The Group is well-positioned to continue harnessing the rewards of its resilient business model through its four key growth pillars – Aquaculture, Distribution, Services and Innovation.

Amid the global pandemic, the Group's strategic adaptability has allowed it to react effectively in response to the unprecedented crisis. This includes the business transformation to include contract farming and the leasing of aquaculture farm plots, as well as investment in deep tech indoor farming. Through the competencies and synergies across its key business segments, Oceanus continues to enjoy the economies of scale with a long-term revenue visibility.

In Distribution, the Group has expanded its product range to over 2,000 FMCG products across its global distribution network, supported by an integrated suite of logistics and supply chain services. The Group's subsidiary, Season Global Trading Pte. Ltd. ("SGTPL"), has gained significant traction in the key markets of China and Southeast Asia and will continue to focus on expanding its global presence.

The Group's services segment continues to provide a diversified revenue stream with growing contributions from its media and marketing consulting arm (AP Media), aquaculture consultancy services arm (Oceanus Tech), as well as farm asset management arm (SCOPI). The Group's award winning subsidiary, AP Media, continues to spearhead high profile projects both locally and overseas, such as The Front Row which is Singapore's first virtual fashion show held in August 2020. Subsidiary Singapore-China Overseas Property Investments Co Ltd ("SCOPI"), has also gained traction in its management of the Group's aquaculture farming assets in China, successfully securing additional contracts with farm tenants and contract-farming agreements during the year.

Oceanus' Innovation pillar continues to pursue sustainable aquaculture technologies, including science and evidence-based farming techniques and cutting-edge aquaculture technology to boost productivity. The Group maintains a strong focus on research and development 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.

In order to establish itself as a FoodTech leader, Group continues to innovate in the area of food technology, which is evident in its recent investment in Universal Aquaculture Pte Ltd ("Universal Aquaculture"), a deep tech indoor company in September 2020. Through Universal Aquaculture, Oceanus continues to strengthen its Aquaculture pillar as it delivers sustainable quality seafood to consumers. Universal Aquaculture's vertical farming capabilities, which enables the production of 300 tonnes of seafood per annum with a farm size of 0.28 hectares, are also highly scalable which can be easily replicated globally for sustainable urban food production. The Group will continue to identify potential business opportunities together with like-minded partners to expand its presence in the region.

With regards to the SGX-ST Watchlist under the Financial Entry Criteria, the Company has announced on 15 June 2020, that it received SGX-ST's approval for its application for a further extension of time to 1 March 2021 to meet the Financial Exit Criteria.

BY ORDER OF THE BOARD

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

9 November 2020