



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 November 2017 released its financial statement for the quarter ended 30 September 2017 (“**3Q 2017**”) and nine months financial period ended 30 September 2017 (“**9M 2017**”). Shareholders should refer to the announcement for further details.

For 9M 2017 Group reported sales amounting to about RMB13 million, a 72% increase from RMB5 million in the corresponding period of the preceding financial year (“**9M 2016**”). This reflects the effectiveness of management’s efforts to drive business growth through diversified income streams thus far. The Group’s net loss narrowed by 64% to RMB33 million in 9M 2017 compared to RMB92 million in 9M 2016.

The Group’s adjusted EBITDA for 9M 2017 reversed sharply to a positive RMB25 million, compared to the negative RMB7.5 million recorded a year ago after reversing the effect of losses incurred by discontinued operations.

Update on Future Direction

In line with the Group’s turnaround roadmap outlined to shareholders on January 25, 2016, it has successfully diversified its income streams, enhanced its farming business model and extended its value chain both upstream and downstream.

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. A new spawning cycle has commenced in November 2017, sales for juveniles from this cycle to sea farmers will commence from the first quarter of 2018. The Live Marine Products segment is typically cyclical in nature due to lead time required for the spawning cycle that is also subject to weather conditions, and its financial performance is subject to sales demand.

Concurrently, the Processed Marine Products segment has embarked on several new topline-accretive business initiatives. The Group had in July 2017 announced a collaboration agreement with long-time partner, BNY Abalone World Factory Outlet Pty Ltd, which will result in Oceanus' 60% interest in BNY. Maiden 2-month revenue of about RMB 1.9 million from this collaboration has been recognised this quarter under this segment, which remains profitable. A Singapore-based international sales office has also been set up to further sales expansion into the Asia-Pacific markets.

Oceanus has received healthy demand for both the Live Marine Products segment (abalone juvenile sales) and the Processed Marine Products (Oceanus canned abalones), and is exploring avenues to increase production to meet business demand. The Group is optimistic on the near-term growth potential of both segments.

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.

Overall, the Group believes it is on track for its turnaround – the 72% rise in 9M 2017 revenue to RMB9.4 million reflects the effectiveness of management's efforts to drive business growth thus far.

Oceanus will continue to execute its turnaround strategies outlined above, working closely with International Enterprise (IE) Singapore and SPRING Singapore to prudently explore viable opportunities in Singapore and overseas, seek out strategic partners and potential investments to accelerate the turnaround efforts.

The Group is also 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 to sharpen its competitive edge.

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

13 November 2017