



OCEANUS GROUP LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 199805793D)

**RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON
THE UNAUDITED FINANCIAL RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2020**

The Board of Directors ("**Board**") of Oceanus Group Limited ("**Company**") refers to queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") dated 2 March 2021 regarding the Company's full year results for its financial year ended 31 December 2020.

Question #1:

It is stated in the balance sheet that the Group has "Other current asset" amounting to SGD 10,558,000. Please elaborate, including providing a breakdown where necessary.

Answer #1

Other Current Asset amounting to SGD10.56 million consist of SGD10.44 million advance payments to trade suppliers, SGD0.07 million in unbilled account receivables and SGD0.05 million in prepaid rental expenses.

Question #2:

It is stated in the balance sheet that the Group has "Goods in transit" amounting to SGD5,437,000. Please elaborate, including providing a breakdown where necessary.

Answer #2

Goods in Transit refers to goods that are currently in shipment and yet to reach the receiving dock of customers.

Question #3:

It is stated in the balance sheet that the Group has "Other investment" amounting to SGD 7,002,000. Please elaborate, including providing a breakdown where necessary.

Answer #3

Other Investment amounting to SGD7.0 million consist investments in a short-term principal note (SGD5.0 million), as well as a placement in a money market fund (SGD2.0 million). These short-term investments ensure adequate returns on unused funds whilst maintaining a high level of liquidity for working capital purposes.

Question #4:

It is stated in the balance sheet that the Group has "Investment property" amounting to SGD 18,075,000. Please provide a breakdown and explain the nature and use of these investment property.

Answer #4

Investment Property amounting to SGD18.08 million wholly pertains to the Group's aquaculture farm properties and fixed assets located in Fujian, China. The Group completed the strategic business transformation of its Aquaculture segment at the end of 2019, which included leasing its farm plots to local farmers and entering into contract farming arrangements. As a result of this transformation, all such assets have been reclassified in the Group's balance sheet from Property, Plant & Equipment to Investment Property.

Question #5:

It is stated in the balance sheet that the Group has “Loans and borrowings” amounting to SGD 9,555,000. Please provide:-

- (a) the party(ies) who provided the amount; and
- (b) the purpose of the Loans and borrowings.

Answer #5

Loans and Borrowings amounting to SGD9.55 million is predominantly attributed to the following facilities provided by UOB Bank:

	Temporary Bridging Loan (under Enterprise Financing Scheme)	Trust Receipts Financing
Provider of facility	UOB Bank	UOB Bank
Amount / Limit provided	SGD 5 million	SGD 10 million
Purpose	To fund working capital requirements for the Group’s growing Distributions segment	

Question #6:

It is stated in the balance sheet that the Group has “Amount due to related parties” amounting to SGD 7,560,000. Please state who are these parties and the breakdown of the amounts owing to them.

Answer #6

Amount Due to Related Parties of SGD7.56 million is solely attributed to a loan provided to the Group’s subsidiary Season Global Trading Pte Ltd, by minority stake shareholder Season Hong International Trading Limited.

Question #7:

It is stated in the cash flow statement that the net cash outflow for operating activities amounts to SGD 28,840,000. This is mainly supported by proceeds on borrowings of SGD 12,905,000 and amount due to related parties of SGD 7,560,000. Please provide the Board and management’s view on whether the Company’s reliance mainly on its Group’s Distribution segment to generate the majority of its profits is sustainable for the next 12 months.

Answer #7

The Board is of the firm view that a diversified revenue base is fundamental to Oceanus Group’s long-term sustainability and profitability. In that regard, the Group has a long-term plan in respect of driving revenue across all of its 4 key segments – Aquaculture, Distribution, Services and Innovation. Whilst the Group’s annual revenue in 2020 is largely attributed to its Distribution segment, this is part and parcel of a longer term strategy to establish a strong supply chain base to further grow its other segment revenues and the Board and management are of the view that Oceanus Group’s profitability is sustainable for the next 12 months.

BY ORDER OF THE BOARD

Peter Koh Heng Kang, ^{PBM}
Executive Director and Chief Executive Officer
4 March 2021