



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

**RESPONSE TO QUERIES RAISED BY THE SINGAPORE EXCHANGE SECURITIES REGARDING
COMPANY'S FINANCIAL RESULTS FOR THE 3 MONTHS ENDED 31 MARCH 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**") regarding the Company's financial results for the 3 months ended 31 March 2020 which was announced on 14 May 2020.

QUESTION 1

Please provide a breakdown of the "Revenue" financial statement line item amounting to RMB 4,496,000 for the 3 months ended 31/3/2020.

ANSWER 1

Set out below is the breakdown of the revenue for the 3 months ended 31/3/2020:

Revenue	RMB '000	Description
Aquaculture segment	602	Revenue derived from contracts with aquaculture farmers in the PRC
Distribution segment	3,355	Distribution of FMCG products by subsidiaries Oceanus Food Group Pte Ltd and Alps Group Pte Ltd
Services segment	539	Provision of services by subsidiaries AP Media Pte Ltd and Oceanus Tech Pte Ltd.
Total	4,496	

QUESTION 2

Please provide a breakdown and the reason for the increase in the "Other operating expenses" financial statement line item by 23% from RMB 4,507,000 for the 3 months ended 31 /3/2019 to RMB 5,526,000 for the 3 months ended 31/3/2020.

ANSWER 2

The breakdown of other operating expenses is as follows:

Operating expenses RMB '000	3 months ended 31/3/2020	3 months ended 31/3/2019
Staff costs	3,094	2,385
Professional and legal costs	984	652
Selling, advertising and marketing	551	472
General and administrative	746	834
Travel expenses	151	164
Total	5,526	4,507

The increase is largely attributed to the following factors:

- higher staff costs as a result of headcount increase following the group's acquisition of AP Media Pte Ltd in March 2019;
- increase in professional and legal fees due to negotiations commenced in respect of claims outstanding to the company; and
- increase in advertising and marketing expenses in line with ongoing business expansion.

QUESTION 3

Please provide a breakdown and reason for the increase in "Other receivables" financial statement line item from RMB 9,392,000 as at 31/12/2019 to RMB 19,525,000 as at 31/3/2020. Please clarify the nature of the underlying transactions.

ANSWER 3

The breakdown of other receivables is as follows:

Other Receivables RMB' 0000	3 months ended 31/3/2020	3 months ended 31/3/2019
Aquaculture segment	5,288	5,535
Distribution segment	13,165	3,686
Services segment	1,053	127
Others	19	44
Total	19,525	9,392

Other receivables are largely arising from prepayments and deposits made to various suppliers. The increase in other receivables balance is largely attributed to the following factors:

Distribution segment

- prepayments made for initial FMCG stock purchase by subsidiary Season Global Trading Pte Ltd which was newly established business on 2 January 2020
- additional deposits placed with suppliers to establish seafood supplier base in Indonesia

Services segment

- additional prepayments made to project sub-contractors under subsidiary AP Media Pte Ltd

QUESTION 4

Please clarify what is the nature of the "Goodwill on consolidation" financial statement line item.

ANSWER 4

This refers to goodwill allocated to cash-generating units which represents the Group's investment by each subsidiary as follows:

Name of subsidiary	31 March 2020
Alps Group Pte. Ltd.	3,368
AP Media Pte. Ltd.	1,910
Total	5,278

QUESTION 5(a)

It is noted that the Group has a loss for the period of RMB 5,350,000 and net cash used in operating activities of RMB 3,438,000. In this regard, please provide the Board's opinion and the basis for its views on the following:

(a) The ability of the Company and the Group in meeting its short term debt obligations as and when they fall due.

ANSWER 5 (a)

Considering the Group's financial position as at 31 March 2020, the Group has RMB115 million in net assets and RMB13 million in net current assets. The Group has also maintained RMB81 million in cash and bank balances. Together with RMB25 million loan facility recently granted and drawn down by the Group in May 2020, cash balances exceed that of the current liabilities of the Group amounting to RMB96 million. The Board therefore believes that the Group has sufficient resources to support its short term debt obligations as and when they fall due.

QUESTION 5(b)

(b) The ability of the Company and the Group to operate as going concerns

ANSWER 5(b)**Operating activities**

The board and management expect the Group to generate positive operating cash flows, particularly from:

- Aquaculture – existing and prospective contracts with aquaculture farmers in China
- Distribution – following volume ramp up of FMCG distribution business under subsidiary Season Global Trading Pte Ltd
- Services – confirmed and prospective project pipelines with customers in Singapore, Malaysia, China and Cambodia

Financing plans

The Group was provided a SGD5 million (RMB25 million) loan facility by a local bank which was fully drawn down in May 2020, providing further working capital resources. The Group is also working on obtaining a further financing facility of up to SGD10 million (RMB50 million) which will be applied towards expanding its distribution segment.

In view of the operating cash flow generating activities and continuing credit facilities being made available to the Group, the Board believes that the Group is able to continue operating as a going concern.

BY ORDER OF THE BOARD

Peter Koh Heng Kang
Executive Director and Chief Executive Officer
15 June 2020