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

RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON COMPANY'S FINANCIAL STATEMENTS FOR THE FULL YEAR ENDED 30 JUNE 2023

The Board of Directors ("**Board**") of Oceanus Group Limited ("**Company**" and together with its subsidiaries, the "**Group**") refers to queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") dated 23 August 2023 regarding the Company's financial statements for the first half ended 30 June 2023 which was released on 14 August 2023.

Query #1:

Given the Group's significant liabilities of $$142,252,000 and cash and bank balance of only S$12,326,000 and noting that the Company incurred losses of S$610,000 for the financial period ended 30 June 2023, please disclose the Board's assessment (i) whether the Company's current assets are adequate to meet the Company's short term liabilities of $$103,670,000, including its bases of assessment; and (ii) how the Company intends to fulfil its significant payment obligations in the next 12 months. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is the Company is on track to fulfilling these obligations.

Company's Response:

i) Having reviewed the cash flow projections of the Group and the reasonableness of the underlying assumptions of the projections, the Board is of the opinion that the Company is able to meet its short term liabilities in the next 12 months. This includes the consideration of the following factors:

   a. The Group has total current assets of SGD182.4 million, and a net positive working capital of SGD78.7 million as at 30 June 2023;

   b. Trade receivables balance of SGD82.9 million as at 30 June 2023 alone represents 80% of the Group's entire current liabilities balance. Furthermore, the Group is not expecting any material collectability issues over its trade receivables in the next 12 months;

   c. Inventories held in warehouses and goods in transit totaling SGD59.8 million, represents the Group's inventory that are all fast-selling consumer goods in nature and realisable within 60 days (i.e. food and beverage products, seafood, frozen meats); and

   d. The Group is in compliance with all its external debt covenants.

ii) To fulfil all its significant payment obligations in the next 12 months, the Group will:

   a. Maintain or improve cash conversion cycles for all its various products, so that they are kept within a reasonable period. This will not only ensure that the Group's operational cash flows are improved, but also that its overall revenue can continue to grow sustainably; and

   b. Continue the efficient deployment of all trade financing facilities provided to the Group, including the usage of trust receipts and export invoice financing facilities.

Query #2:

Please disclose a breakdown of the Group's other receivables of $12,649,000 and $5,167,000 as at 30 June 2023 and 31 December 2022 respectively.

Company's Response:

Set out below is a breakdown of the Group's overall receivables as at 31 December 2022 and 30 June 2023:

Other receivables (SGD '000)	**31 Dec 2022**	**30 Jun 2023**
Accrued interest income	777	1,117
Deposits placed with vendors / trade suppliers	3,147	9,620
GST input tax	217	39
Others	1,026	1,873
Total	**5,167**	**12,649**

Query #3:

Please disclose the nature of other non-financial liabilities and explain the increase in other non-financial liabilities from $10,700,000 as at 31 December 2022 to $15,990,000 as at 30 June 2023.

Company's Response:

This balance is primarily comprised of advances made from customers. This increase is due to the general increase in level of business across all of the Group's distribution channels, particularly the recent establishment of seafood and frozen meat businesses.

Query #4:

Please explain the increase of $28,549,000 in the Group's inventories from $30,437,000 as at 31 December 2022 to $58,986,000 as at 30 June 2023.

Company's Response:

In addition to the overall growth in the Group's distribution revenue, the increase in inventories is in line with the establishment of new products offerings and revenue streams in the past 12 months, particularly frozen meats, seafood and food commodities. This is also a reflection of the Group's efforts to prepare for higher trade volumes during the second half of the year, following the gradual lifting of trade restrictions seen in China, which represents a significant proportion of the Group's sales channels.

Query #5:

With regard to the Company's disclosure on "review of cash flow statement", please clarify if it refers to the period ended 30 June 2023 instead of 30 June 2022.

Company's Response:

The referenced period should be for the period ended 30 June 2023, as opposed to the erroneous date of 30 June 2022, which was a typographical error.

Peter Koh Heng Kang, PBM
Executive Director and Chief Executive Officer
25 August 2023