



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 UNAUDITED FINANCIAL STATEMENTS FOR THE FULL YEAR ENDED 31 DECEMBER 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 28 February 2024 regarding the Company's unaudited financial statements for the full year ended 31 December which was released on 26 February 2024.

Query #1:

Given the Group's significant liabilities of S\$128,854,000 and cash and bank balance of only S\$19,382,000 and noting that the Company incurred losses of \$3,370,000 in FY2023, please disclose the Board's assessment (i) whether the Company's current assets are adequate to meet the Company's short term liabilities of S\$91,511,000, 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 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 SGD165.8 million, and a net positive working capital of SGD74.3 million as at 31 December 2023;
 - b. Trade receivables balance of SGD99.9 million as at 31 December 2023 alone exceeds the Group's entire current liabilities balance of SGD91.5 million. Furthermore, the Group is not expecting any material collectability issues over its trade receivables in the next 12 months;
 - c. In addition, the Group also has inventories totaling SGD19.1 million as at 31 December 2023, that are all fast-selling consumer goods in nature and realisable within 60 days; 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; 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 explain the following material changes:

- a) Decrease in inventories from S\$30,437,000 as at 31 December 2022 to S\$19,151,000 as at 31 December 2023;
- b) Decrease in Investment Property from S\$12,753,000 as at 31 December 2022 to S\$9,873,000 as at 31 December 2023;
- c) Increase in finance costs from S\$4,144,000 as at 31 December 2022 to S\$6,719,000 as at 31 December 2023;
- d) Decrease in other non-financial liabilities from \$10,700,000 as at 31 December 2022 to S\$3,920,000 as at 31 December 2023; and
- e) Increase in loans and borrowings from S\$64,991,000 as at 31 December 2022 to S\$95,456,000 as at 31 December 2023, as well as disclose the use of proceeds from the loan.

Company's Response:

- a) The inventories of the Group are fast-moving in nature, and this decrease is due to the convergence of several large shipments of goods that were dispatched out just prior to 31 December 2023. The inventory balance has increased again to approximately over SGD35 million to date.
- b) There were no disposals or acquisitions of investment properties during the year. This decrease is due to the depreciation of the properties over the year.
- c) The Group has seen a higher cost of funds arising from its bank trade facilities utilised for the trading of goods. The interest rates charged consisted of a floating benchmark that had risen during the course of the year.
- d) This decrease is attributed to a drop in deposits and advances from customer as at 31 December 2023.
- e) This due to additional trust receipts facilities from banks and new working capital loans from third parties. Set out below is their utilisation:

	Allocation (SGD '000)	Utilised (SGD '000)	Balance (SGD '000)
General working capital	11,499	(10,000)	1,499
Trust Receipts	18,966	(18,966)	-

Note: Net proceeds used for general working capital purposes are mainly payments to trade suppliers and vendors.

Query #3:

Please provide a reconciliation of the Group's property, plant and equipment of S\$4,572,000 as at 31 December 2022 to S\$3,925,000 as at 31 December 2023.

Company's Response:

There were material acquisitions or disposals of property, plant and equipment during the year ended 31 December 2023. The reduction is due to the annual depreciation of SGD0.65 million of these assets.

Query #4:

Please disclose:

- a) a breakdown of the Group's other receivables amounting to S\$5,167,000 as at 31 December 2022 and S\$6,307,000 as at 31 December 2023;
- b) a breakdown of the Group's other current assets of S\$12,149,000 as at 31 December 2022 and S\$20,876,000 as at 31 December 2023; and
- c) details of the Group's underlying transactions of its other receivables and other current assets, as well as the terms of the transactions.

Company's Response:

- a) Set out below is a breakdown of the Group's other receivables as at 31 December 2023 and 31 December 2022:

Other receivables (SGD '000)	31 Dec 2023	31 Dec 2022
Deposits placed with suppliers	3,002	3,147
Accrued commission fees	855	-
Accrued interest income	853	777
Accrued supplier rebates	1,062	-
GST input tax	81	217
Others	454	1,026
Total	6,307	5,167

- b) Other current assets solely comprises of prepayments and advances to vendors.
- c) As detailed above, majority of other receivables and other current assets are mostly due to arrangements between the trading segments of the Group and their respective suppliers and vendors.

Query #5:

Please elaborate on the Company's loan to third party of S\$1,567,000 for the year ended 31 Dec 2023, including the identity of the lender, terms of the loan, interest on loans and maturity dates;

Company's Response:

This represents a loan to strategic partner, Opal Fintech Pte. Ltd. ("Opal"). Opal provides the Group with cross-border payment services through a platform customised for the Group's purposes. The loan is interest-free and repayable once Opal achieves positive operating cash flow.

Query #6:

Please disclose a breakdown of other payables amounting to S\$15,450,000 as at 31 December 2022 to S\$12,743,000 as at 31 December 2023. For other payables, please disclose the aging and nature of these other payables and whether the counterparties are related parties.

Company's Response:

Set out below is a breakdown of the Group's other payables as at 31 December 2023 and 31 December 2022:

Other payables (SGD'000)	31-Dec-23	31-Dec-22
Accrued professional fees	2,119	2,739
Accrued interest expense	1,870	1,136
Tax payable	1,282	1,282
Long-standing balances	5,459	5,238
Others	2,013	5,055
Total	12,743	15,450

Other payables are payables to third parties, non-trade related, non-interest bearing, and are normally settled with an average term of 1 month from the date of the invoice. Long-standing balances relate to balances owed to third parties carried-forward since the restructuring exercise of the Group in 2015. The Group takes on a prudent approach to continue the recognition of these long-standing unclaimed balances.

Query #7:

Pursuant to paragraph 8 of Appendix 7.2 of the Listing Manual, please explain the increase in revenue from S\$234,501,000 for FY2022 to S\$340,422,000 for FY2023. In particular, please disclose (i) any significant factors that led to the increase in revenue for the current financial period reported on; and (ii) any material changes in contribution to turnover and profits (by geographical and business segments).

Company's Response:

This increase in revenue is mainly attributed to the Group's strategic effort to diversify its product offerings and expansion of its customer base during the financial year ended 31 December 2023. This includes the additional revenue contribution of approximately SGD90 million from newly-established subsidiaries ISC SG Pte. Ltd. and Guangzhou International Industrial Development Co Ltd, which deals in commodities such as raw sugar and sugar syrup products.

Query #8:

It is disclosed on page 9 of the unaudited financial statements that, the Group's net asset value per ordinary share amounts to \$0.20 as at 31 Dec 2023. Please provide the computation in this regard.

Company's Response:

As at 31 December 2023	Total Net Asset Attributable to Shareholders (SGD) [A]	Total Number of Issued Shares (No.) [B]	SGD / share [A ÷ B]
Net asset value per ordinary share based on issued share capital	52,226,000	25,665,018,696	0.0020 (or SGD 0.20 cents per share)

Note: Total equity per ordinary share is equivalent to SGD58,008,000 ÷ 25,665,018,696 = SGD0.0022 per share (or SGD 0.22 cents per share)

Query #9:

It is disclosed on page 10 of the unaudited financial statements that, other operating income increased by 139% from SGD1.5 million in 12M 2022 to SGD3.6 million in 12M 2023, largely due to increase in commission-based income during the year. Please elaborate on such commission-based income, including the underlying transactions which gave rise to these commission-based income.

Company's Response:

Apart from conducting the trading of goods, which forms the bulk of operations, the distribution segment of the Group also charges commission fees for procurement and marketing services provided to clients. During the year ending 31 December 2023, there were more such opportunities in providing these services, therefore contributing to the increase.

Query #10:

It is noted on page 1 of the unaudited financial statements that, the Company has recognised non-operating loss of \$904,000 for FY2022. Please elaborate on the nature of such non-operating loss.

Company's Response:

Set out below is a breakdown of the Group's non-operating loss as at 31 December 2022:

Non-operating loss (SGD'000)	31-Dec-22
Allowance for impairment on trade receivables	10
Loss on disposal of investment	426
Impairment on investments	150
Goodwill written off	318
Total	904

Query #11:

Appendix 7.2, Paragraph 20 of the Listing Manual requires disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement. Please provide the relevant disclosure in this regard.

Company's Response:

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Jenny Koh Guat Kiau	64	Sister of Mr Peter Koh Heng Kang (Executive Director, Chief Executive Officer and Substantial Shareholder of the Company)	Group Director – Food Production of the Company since 1 June 2021	Ceased as the Group Director – Food Production of the Company with effect from 1 January 2024.

Query #12:

Listing Rule 705(3A) states that an issuer that prepares its financial statements under Rule 705 in accordance with Appendix 7.2 must also prepare such financial statements in accordance with the relevant accounting standards for interim financial reports under Singapore Financial Reporting Standards (International) ("SFRS(I)s"), or International Financial Reporting Standards ("IFRS"), or US Generally Accepted Accounting Principles ("US GAAP").

Please confirm whether Listing Rule 705(3A) has been complied with.

Company's Response:

The Company confirms its compliance with Listing Rule 705(3A), having prepared its financial statements in accordance with the relevant accounting standards for interim financial reports under Singapore Financial Reporting Standards (International) ("SFRS(I)s").

Peter Koh Heng Kang, PBM
Executive Director and Chief Executive Officer
7 March 2024