



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 2024

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 11 March 2025 regarding the Company's financial statements for the full year ended 31 December 2024 which was released on 28 February 2025.

Query #1:

1. Please disclose:

- a) a breakdown of the Group's other current asset amounting to S\$14.148 million as at 31 December 2023 and S\$3.078 million as at 31 December 2024;
- b) details of the Group's underlying transactions of its other current asset, as well as the terms of the transactions; and
- c) reasons for the significant decrease in current asset as at 31 December 2024.

Company's Response:

| Other current assets | 31-Dec-23 (SGD'000) | 31-Dec-24 (SGD'000) |
|-----------------------------|--------------------------------|--------------------------------|
| Prepayments | 14,148 | 3,078 |
| Total | 14,148 | 3,078 |

- a) This amount entirely relates to prepayments made to trade suppliers for the purchase of inventory.
- b) These prepayments are made in accordance with supplier terms, which typically require upfront payments ranging from 15% to 100% of the total invoice value before shipment. The prepayments are industry-standard arrangements that secure product availability and mitigate supply chain disruptions.
- c) The significant decrease in prepayments is primarily due to a shift in supplier payment terms, with a larger number of suppliers removing or reducing their requirements for upfront prepayments.

Query #2:

Please disclose a breakdown of other payables amounting to S\$8.24 million and S\$14.848 million as at 31 December 2024 and 31 December 2023 respectively, including the identity of the counterparties, the aging and nature of these other payables.:

Company's Response:

Set out below is a breakdown other payables as at 31 December 2023 and 31 December 2024:

| Other payables | 31-Dec-23 (SGD'000) | 31-Dec-24 (SGD'000) | Counterparties | Aging |
|----------------------------|------------------------|------------------------|---|-----------------|
| Professional fees | 2,119 | 585 | Auditors, tax agent, corporate secretary, legal counsel | Current |
| Interest expenses | 1,870 | 1,038 | Third-party lenders | Current |
| Long-standing balances | 5,459 | 2,046 | Various | Note 1 |
| Accrued CPF | 200 | 87 | CPF Board | Current |
| GST output tax | - | 20 | IRAS | Current |
| Accrued marketing expenses | 2,636 | 1,034 | Digital marketing agencies | Current |
| Others | 2,564 | 3,430 | Various third parties | Current, Note 2 |
| Total | 14,848 | 8,240 | | |

Notes:

- (1) Long-standing balances relates to balances that were carried forward from periods prior to the Group's restructuring exercise (before 2014). The reduction in this balance in FY2024 is part of the Group's continuous efforts to reduce this balance where possible. For the remaining balance, no claims have been made to date, however the Group continues to recognise these as a matter of prudence.
- (2) The remaining general increase in other payables balance is a reflection of growth in the Group's overall operations, and therefore an increase in amounts due to a variety of third party vendors which are selling, general and administrative in nature.

Query #3:

Appendix 7.2, Paragraph 19 states that "In the case of an announcement of full year financial statement, the issuer must also disclose the person(s) occupying a managerial position in the issuer or any of its subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer in the format set out in Paragraph 19 of Appendix 7.2. If there are no such persons, the issuer must make an appropriate negative statement.". Please clarify whether and how the aforementioned requirements are complied with.

Company's Response:

The Company confirms that, during the financial year FY2024 and up to the date of this announcement, there has been no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director, chief executive officer, or substantial shareholder of the Company.

Query #4:

Please explain the following variances:

- a) Increase in Finance cost from S\$5.214 million in FY2023 to S\$5.868 million in FY2024, despite an overall decrease in loans and borrowings from 31 Dec 2023 to 31 Dec 2024.
- b) Increase in Intangible assets by S\$2.557 million in FY2024.
- c) Increase in goodwill on consolidation by \$3,035,000 in FY2024.
- d) Increase in trade payables by \$1,237,000 in FY2024.
- e) Increase in other non-financial liabilities by \$2,204,000 in FY2024.

Company's Response:

- a) Although third-party loans were reduced, the Group increased its utilisation of revolving trade facilities during FY2024. These facilities attract transaction-based charges and tend to carry higher effective financing costs, especially as the Group undertook a greater volume of transactions. This resulted in an overall increase in finance costs.
- b) The Group's intangible assets rose largely due to the acquisition of payment service software associated with Opal Fintech Pte. Ltd., which became a subsidiary in December 2024.
- c) This increase stems primarily from the reclassification of Opal Fintech Pte. Ltd. from an associate to a wholly-owned subsidiary on 30 December 2024. The additional goodwill reflects the difference between the consideration and the fair value of identified net assets at the time of consolidation.
- d) The growth in trade payables is attributable to the extension of credit terms by a key supplier, Treasury Wine Estates, reflecting the Group's continuing initiatives to optimize its working capital cycle.
- e) This variance is primarily driven by higher advance payments from trade customers.

Query #5:

Please elaborate on the "Asset held for sales" line item amounting to S\$7.557 million as at 31 December 2024.

Company's Response:

This primarily relates to the investment properties in China owned by the Group. Pursuant to the Company's announcement dated 23 December 2024 and 30 December 2024, the Group entered into a Sale and Purchase Agreement ("SPA") with Mr. Chen Yong Shun for the proposed sale of investment properties.

As of 30 December 2024, the initial down payment of RMB 1 million (approximately S\$200,000) had been received, fulfilling a key condition precedent for the SPA to come into effect. However, the transaction is still subject to administrative procedures in China, which remain in progress.

In accordance with SFRS(I) 5, the investment properties were reclassified as assets held for sale as of 31 December 2024, as the disposal process had commenced and was expected to be completed within 12 months. The net book value of these assets was S\$7.557 million at year-end, reflecting their carrying amount prior to completion of the sale.

Query #6:

It is noted that the Group has written off goodwill amounting to \$3,322,000. Please disclose the reasons contributing to the goodwill written off of \$3,322,000 and how the amount is being arrived at.

Company's Response:

This primarily relates to two transactions:

1. Reclassification of Opal Fintech Pte. Ltd. – A portion of the goodwill arose from the cash outflow for the acquisition of Opal Fintech Pte. Ltd., when it changed from an associate to a subsidiary. This generated goodwill representing the difference between the purchase consideration and the fair value of the net assets at the date of consolidation.
2. Derecognition of Oceanus Media Global –The remaining balance was derecognized upon Oceanus Media Global's change in status from an indirect subsidiary to an associate on 29 February 2024. In accordance with accounting standards, when the Group ceases to control a subsidiary, the net assets (including any unamortized goodwill) are removed from consolidation.

Accordingly, the SGD3,322,000 represents the net effect of the goodwill recognized on Opal Fintech Pte. Ltd. and the derecognition of goodwill tied to Oceanus Media Global.

Query #7:

It is noted that the Company has a net cash outflow from operating activities of S\$1.431 million and a net profit of S\$1.106 million for the financial year ended 31 December 2024. Please explain why the Company is unable to generate net cash inflow from its operating activities, despite the Company's net profit position for the financial year.

Company's Response:

The net cash outflow from operating activities of S\$1.431 million for the financial year ended 31 December 2024, despite recording a net profit of S\$1.106 million, is primarily due to the following factors:

1. Working Capital Changes – The Group experienced a net increase in working capital requirements, specifically:
 - Trade Receivables increased by S\$8.032 million due to longer credit terms extended to customers to support revenue growth in a competitive market.
 - Other Payables decreased by S\$7.586 million, reflecting settlement of accrued expenses and supplier payments.
 - Inventories saw a net cash outflow of S\$2.155 million, mainly due to higher stockholding in anticipation of supply chain fluctuations.
2. Non-Cash Adjustments to Net Profit – The reported net profit includes non-cash gains, such as:
 - Goodwill changes mentioned in Response #4 above.
 - Foreign exchange losses of S\$1.917 million, which are unrealized and non-cash in nature.
3. Income Tax Payments – The Group incurred income tax payments of S\$1.527 million, further contributing to the operating cash outflow.

While the Group remains profitable at the net income level, the timing mismatch between revenue recognition and cash collection, coupled with working capital adjustments and non-cash accounting entries, resulted in a net cash outflow from operations for the financial year.

BY ORDER OF THE BOARD

Peter Koh Heng Kang, PBM
Executive Director and Chief Executive Officer
14 March 2025