



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 ANNUAL REPORT FOR THE FINANCIAL 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 18 April 2024 regarding the Company’s annual report for the financial year ended 31 December 2023 which was released on 11 April 2024.

Query #1:

Listing Rule 704(6) provides that an issuer must immediately announce if it has previously announced its preliminary full-year results, any material adjustments to its preliminary full-year results made subsequently by auditors. Please provide explanations for the following material variances

- i. Loss for the year from S\$3,370,000 in the unaudited FS to S\$2,244,000 in the FY2023 Annual Report;
- ii. Non-current assets from S\$21,020,000 in the unaudited FS to S\$19,621,000 in the FY2023 Annual
- iii. Current liabilities from S\$91,511,000 in the unaudited FS to S\$99,226,000 in the FY2023 Annual
- iv. Non-current liabilities from S\$37,343,000 in the unaudited FS to S\$24,040,000 in the FY2023 Annual Report;
- v. Total equity from S\$58,008,000 in the unaudited FS to S\$61,371,000 in the FY2023 Annual Report;
- vi. Net cash flows used in operating activities of S\$20,933,000 in the unaudited FS to net cash flows used in operating activities of S\$9,278,000 in the FY2023 Annual Report;
- vii. Net cash flows used in investing activities of S\$246,000 in the unaudited FS to net cash flows used in investing activities of S\$761,000 in the FY2023 Annual Report;
- viii. Net cash flows generated from financing activities of S\$30,465,000 in the unaudited FS to net cash flows from financing activities of S\$18,876,000 in the FY2023 Annual Report

Company’s Response:

	Unaudited \$'000	Audited \$'000	Variance \$'000
i) Loss for the year	3,307	2,244	(1,063)

Variance is largely attributed to two audit adjustments. The first being a SGD0.58 million adjustment to account for gain on disposal of subsidiary Oceanus Food Group (HK) Limited, and the second being an adjustment for additional unrealised foreign exchange gain in subsidiary Season Global Trading Pte. Ltd.

	Unaudited \$'000	Audited \$'000	Variance \$'000
ii) Non-current assets	21,020	19,621	(1,399)

This variance mainly pertains to audit adjustments to lease liabilities and right-of-use assets arising from the Group’s leased offices and facilities.

	Unaudited \$'000	Audited \$'000	Variance \$'000
iii) Current liabilities	91,511	99,226	7,715

This variance is mainly due to reclassification of loans and borrowings of SGD6.58 million from non-current to current liabilities. There was also an audit adjustment to current lease liabilities that was previously understated by SGD0.58 million.

	Unaudited \$'000	Audited \$'000	Variance \$'000
iv) Non-current liabilities	37,343	24,040	(13,303)

In addition to the reclassification of loans and borrowings from non-current to current liabilities as detailed above in (iii), this variance is due to audit adjustments to non-current lease liabilities that were previously overstated.

	Unaudited \$'000	Audited \$'000	Variance \$'000
v) Total equity	58,008	61,371	3,363

This variance is due to the cumulative impact of the audit adjustments (i), (ii), (iii) and (iv) detailed above.

	Unaudited \$'000	Audited \$'000	Variance \$'000
vi) Net cash flow in operating activities	(20,933)	(9,278)	(11,655)
vii) Net cash used in investing activities	(246)	(761)	(515)
viii) Net cash used in financing activities	30,465	18,876	(11,589)

These variances are predominantly due to audit adjustment for the reclassification of cash flows between operating cash flow and financing cash flows.

Query #2:

2. Listing Rule 1207(10C) requires that the Audit committee's comment on whether the internal audit function is independent, effective and adequately resourced. On page 64 of the FY2023 Annual Report, we note that "In view of the above, the ARC will review and assess the adequacy, effectiveness and independence of the internal audit function of the Company from the financial year ending 31 December 2024 onwards.". Please disclose whether and how Listing Rule 1207(10C) has been complied with.

Company's Response:

The Audit and Risk Committee ("ARC") is of the opinion that the Group's internal controls, including financial, operational, compliance, information technology controls and risk management systems are adequate and effective in its current business environment. For further information on this, please refer to pages 59-61 of the Company's FY2023 Annual Report.

Query #3:

3. Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “Code”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 8.1 of the Code with regards to (i) the disclosure of remuneration each individual director and the CEO and (ii) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel, and there were no explanations provided for in your FY2023 Annual Report on how it is consistent with the intent of Principle 8 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company’s remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Company’s Response:

The Company has complied with provisions 8.1 (as disclosed on page 56 to 59), whereby remunerations for each director, the CEO and as well as the CFO and COO were disclosed in bands of S\$250,000 to below S\$500,000

The remuneration of Directors and key management personnel comprise of base salary and variable components. The variable component is based on the performance of the Group as whole and as well as individual performance. The Company seeks to ensure that all remuneration packages are adequate in motivating overall performance, but yet not excessively.

As for Directors’ fees paid to Independent Directors, the Remuneration Committee reviews the fees periodically to ensure that it serves to attract and motivate directors to provide good stewardship to the Company.

Peter Koh Heng Kang, PBM
Executive Director and Chief Executive Officer
23 April 2024