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 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 23 April 2025 regarding the Company's annual report for the financial year ended 31 December 2024 which was released on 15 April 2025.

Query #1:

(a) Profit for the period from S$1,106k in the unaudited financial statements to S$1,371k in the FY2024 Annual Report;
(b) Current liabilities from S$97,257k in the unaudited financial statements to S$106,816k in the FY2024 Annual Report;
(c) Non-current liabilities from S$13,106k in the unaudited financial statements to S$4,601k in the FY2024 Annual Report;
(d) net cash used in operating activities of S$1,431k in the unaudited financial statements to net cash from operating activities of S$8,170k in the FY2024 Annual Report;
(e) net cash generated from investing activities of S$1,473k in the unaudited financial statements to net cash used in investing activities of S$381k in the FY2024 Annual Report;
(f) net cash used in financing activities of S$9,192k in the unaudited financial statements to S$16,786k in the FY2024 Annual Report.

Company's Response:

		Unaudited $'000	Audited $'000	Variance $'000
a)	Profit for the year	1,106	1,371	265

Variance is largely due to audit adjustment for additional interest expenses amount to SGD256K incurred on short-term trade financing facilities identified post-year-end.

		Unaudited $'000	Audited $'000	Variance $'000
b)	Current liabilities	97,257	106,816	9,559

Variance is mainly due to the reclassification of third-party borrowings amounting to SGD8.505 million from non-current to current other financial liabilities. There was also an audit adjustment to increase trade and other payables by SGD1.04 million, due to accrual of additional supplier invoices identified post-year-end but relating to FY2024 purchases.

		Unaudited $'000	Audited $'000	Variance $'000
c)	Non-current liabilities	13,106	4,601	(8,505)

As stated in 1b) above, variance is mainly due to the reclassification of third-party borrowings amounting to SGD8.505 million from non-current to current other financial liabilities.

d) e) & f)

Please refer to the below table and notes in respect of the consolidated statement of cash flows:

Consolidated Statement of Cash Flows	2024 $'000 (Unaudited)	2024 $'000 (Audited)	Variance $'000	Note
Cash flows from / (used in) operating activities				
Profit / (loss) before tax	2,266	2,531	265	
1Adjustments for:				
Depreciation of property, plant and equipment	1,037	1,037	-	
Depreciation of right-of-use assets	908	893	(15)	
Deprecation of investment properties	2,343	2,343	-	
Depreciation of intangible assets other than goodwill	-	9	9	
Goodwill written off	(3,322)	-	– 3,322	1
Estimated credit loss allowance on other receivables	-	2,300	2,300	2
Fair value loss on reclassification of unquoted equity shares at FVTPL to investments in subsidiaries (Note 33A)	-	3,246	3,246	3
Fair value loss on unquoted equity shares at FVTPL	-	386	386	4
Fair value gain on quoted money market fund at FVTPL	-	–	-	
(Gain) / loss on disposals of quoted money market fund at FVTPL	-	(2)	(2)	
Gain on disposal of subsidiaries	-	(716)	(716)	5
Gain arising from loss of control on a group of subsidiaries	-	(7,615)	(7,615)	6
Interest expense	-	5,612	5,612	7
Interest income	-	(315)	(315)	
Share of loss from equity-accounted associates	-	496	496	
Share-based payments	879	879	-	
Net effect of foreign exchange rate in consolidating foreign operations	(23)	1,242	1,265	
Operating cash flows before changes in working capital	4,088	12,326	8,238	
Inventories	(2,155)	(2,169)	(14)	
Trade and other receivables	(8,760)	(9,609)	(849)	8
Other financial assets	11,045	-	(11,045)	9
Other non-financial assets	-	10,716	10,716	9
Derivative financial instruments	-	(23)	(23)	
Trade and other payables	(6,350)	(4,835)	1,515	10
Other non-financial liabilities	2,228	2,586	358	
Net cash flows from / (used in) operations	96	8,992	8,896	
Income taxes paid	(1,527)	(822)	705	
Net cash flows from / (used in) operating activities	(1,431)	8,170	9,601	

	2024 $'000 (Unaudited)	2023 $'000 (Audited)	Variance $'000	Note
Cash flows used in investing activities				
Consideration receivable for disposal of a subsidiary (Note 21)	-	1,746	1,746	11
Purchase of property, plant and equipment	-	(287)	(287)	
Purchase of intangible assets other than goodwill	-	–	-	
Decrease in other financial assets	1,425	(2,250)	(3,675)	
Disposal of property, plant and equipment	-	–		
Interest received	-	315	315	
Disposal of subsidiaries (net of cash disposed) (Note 10)	48	(185)	(233)	
Acquisition of subsidiaries (net of cash acquired) (Note 33A)	-	280	280	
Net cash flows used in investing activities	1,473	(381)	(1,854)	
Cash flows (used in) / from financing activities				
Lease liabilities – principal and interest portion paid	-	(975)	(975)	
Increase in new loans and borrowings	-	373	373	12
(Decrease) / increase in loans and borrowings	(9,094)	(10,699)	(1,605)	12
Treasury shares in subsidiary	(98)	–	98	
Interest paid		(5,485)	(5,485)	13
Net cash flows (used in) / from financing activities	(9,192)	(16,786)	(7,594)	
Net (decrease) / increase in cash and cash equivalents	(9,150)	(8,997)	153	
Effect of cash and cash equivalent denominated in foreign currencies	47	(210)	(257)	
Cash and cash equivalents, consolidated statement of cash flows, beginning balance	19,007	19,007	-	
Cash and cash equivalents, consolidated statement of cash flows, ending balance (Note 24)	9,904	9,800	(104)	

Note	
1	On 29 February 2024, the Group disposed of 30% equity interest in Oceanus Media Global Pte. Ltd. (“OMG”) to a third party buyer. Subsequent to the partial disposal of OMG, the Group’s equity interest in OMG reduced from 63.5% to 33.5% and OMG ceased to be a subsidiary of the Group. The remaining 33.5% interest retained in the former subsidiary is measured at fair value of $5,402,000 at the date when control is lost and subsequently accounted as investment in associate. Variance is mainly due to audit adjustment arising from completion of independent valuation report of Oceanus Media Global Pte. Ltd.
2	Due to adjustment for allowance for credit loss on loans to Kingsman’s EXIM Wine & Spirits, following its divestment on 1 April 2024.
3	This is in relation to the step-up acquisition of Opal Fintech Pte. Ltd. on 30 December 2024. Audit adjustment arising from fair value assessment on investment, resulting in additional fair value loss recognised.
4	Increase in fair value loss of SGD386,000 on unquoted equity investments at FVTPL, relating to Tech TV Pte Ltd and Pelamis 98 Pty Ltd, based on updated valuation assessment.
5	Increase in gain on disposal of subsidiary due to recognition of gain from divestment of all indirect interest in Kingsman EXIM Wines and Spirits Pte. Ltd. on 1 April 2024.
6	Please refer to Note 1
7	Reclassification of interest paid from financing cash flows to operating cash flows.
8	Increase of SGD850,000 due to audit adjustment to recognise fee income receivable from Opal Fintech Pte Ltd for services rendered prior to it becoming a subsidiary on 30 December 2024; previously eliminated in error as intercompany.
9	Due to reclassification of other financial assets to other non-financial assets.
10	Reclassification of SGD1.515 million from trust receipt liabilities to trade payables due to cut-off timing; facility was applied post-year-end, hence liability remained with supplier as at balance sheet date.
11	Due to audit adjustment for allowance for credit loss on loans to Kingsman’s EXIM Wine & Spirits, following its divestment on 1 April 2024.
12	Audit adjustment of SGD 1.230 million to “(Decrease) in loans and borrowings” to eliminate the non-cash movement arising from borrowings assumed on the 30 Dec 2024 acquisition of Opal Fintech; reclassified in accordance with FRS 7 so that only cash repayments are reflected in financing cash flows.
13	Please refer to Note 7

<u>Query #2:</u>

2. Listing Rule 715(1) states that “Subject to Rule 716, an issuer must engage the same auditing firm based in Singapore to audit its accounts, and its Singapore incorporated subsidiaries and significant associated companies.”
Listing Rule 716 states that “An issuer may appoint different auditing firms for its subsidiaries or significant associated companies (referred to in Rule 715(1) provided that:
(1) the issuer's board and audit committee are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the issuer; or
(2) the issuer's subsidiary or associated company, is listed on a stock exchange.”.

We note that
(a) Opal Fintech Pte Ltd, a 24.2% owned indirect subsidiary is audited by Pricewaterhouse Coopers LLP, Singapore;
(b) Oceanus Media Group Pte Ltd, a 33.5% associate, and its subsidiaries, are audited by Talent Corporate Services Pte Ltd Singapore; and
(c) The auditor of Aquarii SG Pte Ltd for FY2024 was not disclosed.

Please clarify whether and how Listing Rule 715 or 716 has been complied with.

Company’s Response:

The Board have carefully reviewed the audit arrangements for the Group’s subsidiaries and associates. In line with Rule 716(1), the Board and Audit Committee are satisfied that the use of different auditors for Opal Fintech Pte Ltd (“Opal”) and Oceanus Media Group Pte Ltd (“OMG”) does not compromise the standard or effectiveness of the Group’s audit. This assessment was made after evaluating the scope and results of those entities’ audits. Notably, PricewaterhouseCoopers LLP (“PwC”) is a reputable international firm auditing Opal, and Talent Corporate Services Pte Ltd, while a different auditor, has provided satisfactory audit services for OMG. The Audit Committee has not encountered any material issues or inconsistencies arising from these audits that would raise concern over audit quality and have concluded that current audit arrangements are effective and in the best interests of the Group and its shareholders.

With regard to Aquarii SG Pte Ltd (“Aquarii SG”), it is a company that has been dormant and inactive since FY2022. As a dormant, immaterial subsidiary, Aquarii SG was not required to have a statutory audit. Accordingly, no auditor was appointed for Aquarii SG Pte Ltd for FY2022 and FY2023, and its financial statements were unaudited in those years. The Company has disclosed on page 182 (Note 33B) of the annual report the acquisition of Aquarii SG in FY2024 and confirms its non-material financial impact on the Group. The Company will assess the need to appoint auditors for Aquarii SG Pte Ltd in the future if and when it becomes operational or financially significant.

In summary, the Company has complied with Listing Rule 716(1) by obtaining the Board’s and Audit Committee’s endorsement of the current audit arrangements. The Board and Audit Committee collectively affirm that the aforementioned arrangement has not undermined the effectiveness of the overall audit process. The Company remains vigilant in ensuring high audit quality across the Group and will continuously monitor the audit arrangements to maintain full compliance with SGX’s listing rules on auditors.

<u>Query #3:</u>

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 the disclosure of the total remuneration paid to these key management personnel. We further note the Company’s disclosure on page 93 that “The remuneration of the KMP is not disclosed to the nearest thousand dollars in this Annual Report as the Company and Management have concerns that disclosing the detailed breakdown of their remuneration may compromise sensitive information to the Company’s competitors.”. 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:

In our FY2024 Annual Report the Company disclosed each Director’s and the CEO’s remuneration to the nearest S$1,000, in full compliance with Provision 8.1(a).

The Company acknowledges a variation from Provision 8.1(b), concerning the disclosure of remuneration for the top five key management personnel. In that regard, the Group has only two other key management personnel (“KMP”) – the Chief Financial Officer and Chief Operating Officer – who together constitute the “top-five” cohort. Publishing their exact remuneration would therefore reveal highly sensitive individual data, making them more vulnerable to poaching and undermining the Group’s ability to retain talent in a competitive industry. Accordingly, the Board and the Remuneration Committee have disclosed their pay in the narrower band of S$250,000 to below S$500,000, together with the percentage mix of fixed salary, variable bonus and long-term share incentives. This banded disclosure maintains the intent of Principle 8 by giving shareholders clear insight into the quantum and structure of KMP rewards; and demonstrating a direct link between pay, performance, and long-term value creation.

The Board and the Remuneration Committee believe that these measures, while varying from the exact provisions of the Code, are prudent and necessary, and do not compromise the governance principle of transparency as intended by Principle 8. The Company remains committed to providing sufficient information to shareholders to make informed decisions, while balancing this with the need to protect sensitive competitive information that could impact our business operations and strategic human resource objectives.

Peter Koh Heng Kang, PBM
Executive Director and Chief Executive Officer
25 April 2025