

**OSSIA INTERNATIONAL LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration No: 199004330K)

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**RESPONSE TO SGX QUERIES ON THE COMPANY'S ANNUAL REPORT FOR  
THE FINANCIAL YEAR ENDED 31 MARCH 2022 ("AR2022")**

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The Board of Directors (the "Board") of Ossia International Limited (the "Company") wishes to announce the following in response to the query raised by the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 27 July 2022 in relation to the announcement of the Company's annual report for the financial year ended 31 March 2022 ("AR2022").

**Query 1**

With reference to the audited consolidated cash flow statement on pages 44 and 45 of the Company's AR2022, please provide an explanation for the material difference in the amounts of the following item, as compared to the unaudited financial results announcement of the Company for the year ended 31 March 2022: -

- i. Net cash flows from operations of \$ 6,083,000 as compared to net cash flows from operations of \$ 5,205,000
- ii. Net cash flows from operating activities of \$ 5,487,000 as compared to net cash flows from operating activities of \$ 4,542,000
- iii. Net cash flows from investing activities of \$ 3,542,000 as compared to net cash flows from investing activities of \$ 4,484,000

**Response to query 1**

	<b>Audited Financial Statement as at 31 March 2022</b>	<b>Unaudited Full year result as at 31 March 2022</b>	<b>Note</b>	<b>Variances</b>
	<b>S\$'000</b>	<b>S\$'000</b>		<b>S\$'000</b>
Net cash flows from operations	6,083	5,205	(i)	878
Net cash flows from operating activities	5,487	4,542	(ii)	945
Net cash flows from investing activities	3,542	4,484	(iii)	(942)

## Query 1 (continued)

### Response to query 1 (continued)

- i. Changes in net cash flows from operations are mainly due to:
  - Changes in finance cost (S\$66,000)
  - Gain on disposal of property, plant and equipment S\$2,000
  - Reclassify S\$942,000 from investing activities to operating activities as changes in trade and other receivables instead of repayment of advance from a related party.
- ii. Change in net cash flows from investing activities is mainly due to:
  - Reclassify S\$942,000 from investing activities to operating activities as changes in trade and other receivables instead of repayment of advance from a related party.
  - Proceed on disposal of property, plant and equipment S\$3,000
- iii. Change in net cash flows from investing activities is mainly due to:
  - Reclassify S\$942,000 from investing activities to operating activities as changes in trade and other receivables instead of repayment of advance from a related party.

## Query 2

Please provide the information as required under Listing Rule 907 which states: -

"An issuer must disclose the aggregate value of interested person transactions entered into during the financial year under review in its annual report. The name of the interested person, nature of relationship and the corresponding aggregate value of the interested person transactions entered into with the same interested person must be presented in the following format: —"

- i. Name of interested person
- ii. Nature of relationship
- iii. Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)
- iv. Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)

## Query 2 (continued)

### Response to query 2

The Company does not have any general mandate from shareholders for interested person transactions.

There are no IPT transactions for current financial year.

### Query 3

Listing Rule 1207 provides that the annual report must contain enough information for a proper understanding of the performance and financial conditions of the issuer and its principal subsidiaries, including at least the following: -

(6)(a) The aggregate amount of fees paid to auditors, broken down into audit and non-audit services. If there are no audit or non-audit fees paid, to make an appropriate negative statement.

Please provide the information as required under Listing Rule 1207(6)(a).

### Response to query 3

Pursuant to Rule 1207 (6)(a), the fees payable to auditors is set out in Note 8 on page 64 of this Annual Report.

	<b>FY2022</b> <b>S\$'000</b>
Auditor's remuneration	
- Auditors of the Company	62
- Other auditors	30
Total	<u>92</u>

### Query 4

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 2.2 and 2.4 of the Code as Independent directors do not make up a majority of the Board where your Chairman is not independent and you have not disclosed your board diversity policy and progress made towards implementing the board diversity policy, including objectives, and there were no explanations provided for in your AR2022 on how it is consistent with the intent of Principle 2 of the Code.

#### **Query 4 (continued)**

Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

#### **Response to query 4**

Currently, the Board comprises 2 Executive Directors, 1 Non-Executive Director and 3 Independent Directors.

Based on its composition, the Board is able to exercise objective judgment on corporate affairs. The composition of the Board is reviewed annually by the Nominating Committee to ensure that the Board has an appropriate mix of expertise, experience and independence needed to discharge its duties effectively.

Although the 3 Non-Executive Independent Directors of the Company do not make up a majority of the Board, the Nominating Committee is of the view that there is a strong and independent element on the Board thereby eliminating the risk of a particular group dominating the decision-making process. The Board ensures that the process of decision making by the Board is independent and is based on collective decision without any concentration of power.

The Board comprises an appropriate mix of businessman and professionals with core competencies and diversity of experience, all of whom as a group, provides the Board with the necessary experience and expertise to direct and lead the Group. The diversity of the Directors' experience allows for the useful exchange of ideas and views. For purpose of Board composition, diversity includes but is not limited to, business experience, geography, age, gender and ethnicity.

#### **Query 5**

Listing Rule 210(5)(d) provides that a director will not be independent under any of the following circumstances: -

(iii) if he has been a director for an aggregate period of more than 9 years (whether before or after listing) and his continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) shareholders, excluding the directors and the chief executive officer of the issuer, and associates of such directors and chief executive officer. For the purpose of the resolution referred to in (B), the directors and the chief executive officer of the issuer, and their respective associates, must not accept appointment as proxies unless specific instructions as to voting are given. Such resolutions may remain in force until the earlier of the following: - (X) the retirement or resignation of the director; or (Y) the conclusion of the third annual general meeting of the issuer following the passing of the resolutions.

### **Query 5 (continued)**

Please clarify whether and how has the Company complied with the two-tier voting required under Listing Rule 210(5)(d)(iii).

### **Response to query 5**

The Company is in compliance with Listing Rule 210(5)(d)(iii). The 3 Independent Directors Mr. Wong King Kheng, Mr Anthony Clifford Brown and Ms Mae Heng Su Ling have each served as Independent Directors of the Company for an aggregate period of more than 9 years. In accordance with Listing Rule 210(5)(d)(iii), all 3 Independent Directors offered themselves for re-election as Independent Directors of the Company at the Annual General Meeting held on 30 July 2021 and were unanimously re-elected as Independent Directors of the Company.

### **Query 6**

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 Provisions 8.1 (a) of the Code with regards to the disclosure of remuneration, and there were no explanations provided for in your AR2022 on how it is consistent with the intent of Principle 8 of the Code.

We reference page 16 of AR2022 which states amongst others “For competitive reasons, the Company is not disclosing each individual director’s remuneration.”, and page 17 which states amongst others “The Company has not disclosed exact details of the remuneration of its key management personnel as it is not in the best interests of the Company and the employees to disclose such details due to the sensitive nature of such information.”.

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.

### **Response to query 6**

The following disclosure on remunerations were provided on page 16 and 17 (Principle 8) of our Annual Report 2022.

## **Query 6 (continued)**

### **Response to query 6 (continued)**

While the exact remuneration of the Directors was not given, the level and mix of remuneration of the Directors in percentage terms within remuneration bands of S\$250,000 and band between S\$500,001 and S\$750,000 were provided, including the remuneration of the Executive Directors.

The Executive Directors do not receive any Directors' fee. The total Directors' fee payable to the 4 Non-Executive Directors is S\$137,500. As disclosed on page 16 of the Annual Report, each of the Non-Executive Directors' remuneration is 100% within band of S\$250,000 each.

The two Executive Directors, who are also the substantial shareholders of the Company, are employees of the Group like any of the other key management personnel who are not Directors and whose level and mix of remuneration are disclosed in percentage terms in band between S\$500,001 and S\$750,000. The Board is of view that they should not be disadvantaged relative to the other key management personnel of the Group just merely because they are Directors.

The Company believes that with the disclosure of the level and mix of remuneration of the Directors in percentage terms within remuneration bands of S\$250,000 and band between S\$500,001 and S\$750,000 and taking into account the reasoning mentioned above, provides the shareholders with an adequate appreciation of the remuneration packages of the Directors and is consistent with the intent of Principle 8 of the Code.

## **Query 7**

Listing Rule 1207(18B) provides for an explanation of how the issuer has complied with the following: —

- a) the issuer has designated an independent function to investigate whistleblowing reports made in good faith;
- b) the issuer ensures that the identity of the whistleblower is kept confidential;
- c) the issuer discloses its commitment to ensure protection of the whistleblower against detrimental or unfair treatment; and
- d) the Audit Committee is responsible for oversight and monitoring of whistleblowing.

Please make the disclosure as required under Listing Rule 1207(18B), in particular (b) and (c).

## **Query 7 (continued)**

### **Response to query 7**

The following disclosure on whistleblowing policies were provided on page 18 (Principle 9) of our Annual Report 2022.

- a) The Whistle-Blowing Policy has been reviewed by The Audit Committee (“AC”) to ensure that it has been properly implemented.
- b) The Company’s whistle blowing policy contains clear provisions on protection for whistle blowers. Under the Company’s whistle blowing policy, the Company will protect the personal interests of the whistle blower regardless of whether the report turns out to be genuine or otherwise, provided the whistle blower had raised the report in good faith. The Company will not tolerate any harassment or victimisation of the whistle blowers. Disciplinary action will be taken against employees who victimise or take any form of reprisal against the whistle blower.
- c) The Whistle-Blowing Policy is also in place to provide an avenue through which employees may report or communicate, in good faith and in confidence, any concerns relating to financial and other matters, so that independent investigation of such matters can be conducted and appropriate follow-up action taken.
- d) AC oversees the prevention of fraud, malpractice, wrongdoings, and other irregularities in the Group. The whistle-blowing officer is the Chairman of the AC. The Whistleblowing Officer who receives a report of a concern will keep a confidential record of the same and of the outcome/s and shall give the AC a yearly summary of all cases without revealing any specific details even if the concern raised appears to be without basis or untrue.

The AC has the authority to appoint an independent investigator, if required, to investigate any whistleblowing reports made in good faith. To maintain the independence of the whistleblowing reporting framework, all complaints received are presented to the AC for review and monitoring at the half-yearly AC meetings. The AC also has oversight on the maintenance, regular review and updating of the whistleblowing policy and will recommend revisions, amendments, and alterations to the policy.

BY ORDER OF THE BOARD  
Lotus Isabella Lim Mei Hua  
Company Secretary

28 July 2022