

**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 2021**

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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 11 August 2021 in relation to the annual report for the year ended 31 March 2021 ("FY2021"):

**Query 1**

Provision 9.2 of the Code of Corporate Governance 2018 (the "Code") states: - "The Board requires and discloses in the Company's annual report that it has received assurance from:

- (i) the CEO and the Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and
- (ii) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems."

Listing Rule 710 states: - "An issuer must describe in its annual report its corporate governance practices with specific reference to the principles and the provisions of the Code. An issuer must comply with the principles of the Code. Where an issuer's practices vary from any provisions of the Code, it must explicitly state, in its annual report, the provision from which it has varied, explain the reason for variation, and explain how the practices it had adopted are consistent with the intent of the relevant principle."

Please make disclosure as required under Listing Rule 710.

**Response to query 1**

Based on the Group's framework of management controls in place, the internal policies and procedures established and maintained by the Group, as well as the review performed by the independent and internal auditors, the Board, with the concurrence of the Audit Committee ("AC"), is of the opinion that risk management and internal controls systems of the Group, addressing the financial, operational, compliance and information technology risks are adequate and effective as at 31 March 2021 to address the risks that the Group considers relevant and material to its operations, while noting that no system of internal control could provide absolute assurance against the occurrence of errors, fraud, or other irregularities.

## Query 1 (cont'd)

### Response to query 1 (cont'd)

The Board, with the concurrence of the Audit Committee (“AC”), is of the opinion that the Group’s internal controls and risk management systems are effective and adequate to meet the financial, operational, compliance and information technology risks of the Group in its current business environment.

As the Board does not currently have a Chief Financial Officer, the Board has received assurance from the CEO and Finance Manager as the Company:

- a) that the financial records of the Group have been properly maintained and the financial statements for the year ended 31 March 2021 give a true and fair view of the Group’s operations and finances; and
- b) regarding the effectiveness of the Group’s risk management systems and internal control systems.

## Query 2

With reference to the audited statement of cash flows on page 47 of the Company’s 2021 annual report, please provide an explanation for the material difference in the amounts of the following items, as compared to the unaudited financial results announcement of the Company for the year ended 31 March 2021: -

- a. The net cash flows from operating activities of \$3,219,000 as compared to the net cash flows from operating activities of \$2,160,000 and
- b. The net cash flows from investing activities of \$1,911,000 as compared to the net cash generated from investing activities of \$2,970,000.

### Response to query 2

|  | Unaudited<br>Financial<br>Statement | Audited<br>Financial<br>Statement | Differences |
|--|-------------------------------------|-----------------------------------|-------------|
|  | S\$’000                             | S\$’000                           | S\$’000     |
| Net cash flows from operating activities | 2,160                               | 3,219                             | 1,059       |
| Net cash flows from investing activities | 2,970                               | 1,911                             | (1,059)     |

The difference mainly due to reclassification of the dividend receivable from associate company from net cashflow from investing activities to net cashflow from operating activities. The dividend has been received after the financial year end.

### Query 3

With reference to the page 67 of the Company's 2021 annual report, the Auditor's remuneration paid to Auditors of the Company amounted to \$62,000 and the Auditor's remuneration paid to other auditors amounted to \$30,000.

Listing Rule 1207(6)(a) states: - " 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: — 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 make disclosure as required under Listing Rule 1207(6)(a).

### Response to query 3

The breakdown of the audit fees as follows:

|                                 | 31 March 2021 |      |
|---------------------------------|---------------|------|
|                                 | \$'000        | %    |
| Audit fees for the company      | 62            | 67%  |
| Audit fees for the subsidiaries | 24            | 26%  |
| Non-audit fees                  | 6             | 7%   |
| Total                           | 92            | 100% |

### Query 4

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in 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 2.4 of the Code as 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 2021 annual report on how it is consistent with the intent of Principle 2 of the Code.

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.

## **Query 4 (cont'd)**

### **Response to query 4**

The Nominating Committee (“NC”) is responsible for examining the size and composition of the Board and Board Committees. Having considered the scope and nature of the Group’s businesses, and the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board, in concurrence with the NC, believes that its current board size and the existing composition of the Board Committees effectively serve the Group. It provides sufficient diversity without interfering with efficient decision-making.

The Board and NC consider, inter alia, the Directors’ contributions, areas of expertise and scope of work on an annual basis in evaluating whether the Board’s composition is adequate.

The Company does not have a fixed Board diversity policy.

The Board comprises an appropriate mix of businessmen 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. The Board is satisfied that no individual member of the Board dominates the Board’s decision making and that there is sufficient accountability and capacity for independent decision-making.

Considering the scope and nature of operations of the Group, the Board considers its current size to be adequate for effective decision-making. The NC has and will continue to give consideration to Board diversity and size when it recommends the future appointment of new directors and/or the re-appointment of incumbent directors.

## **Query 5**

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in 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 of the Code as independent directors do not make up a majority of the Board where your Chairman is not independent, and there were no explanations were provided for in your 2021 annual report on how it is consistent with the intent of Principle 2 of the Code.

## **Query 5 (cont'd)**

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 5**

The Board consists of six directors of whom two are executives and one is non-executive director (w.e.f. 1 July 2021), and three are independent directors. The Company does not have any alternate directors.

The criteria for independence are based on the definition as stated in the Code. The Board considers an “independent” director as one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent judgment of the conduct of the Group’s affairs.

Based on its composition, the Board can 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.

The NC 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 Executive and Independent Directors ensure that key issues and strategies are critically reviewed and constructively challenged. They also scrutinize and monitor the performances of management in meeting agreed goals and objectives, as well as ensure that financial information is accurate, and that financial controls and systems are in place.

The Executive and Independent Directors set aside time at each scheduled meeting to meet without the presence of management to discuss matters such as board processes, corporate governance initiatives, performance management and remuneration matters.

## **Query 6**

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in 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(a) and (b) of the Code with regards to the disclosure of remuneration, and there were no explanations provided for in your 2021 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.

## **Response to query 6**

The Executive Directors do not receive director's fee. The two Executive Directors have each entered into service agreements with the Company and their compensation consists of their salary, bonus and benefits.

The Board will on an annual basis, submit a proposal for Directors' Fees as a lump sum for shareholders' approval. The sum to be paid to each of the Independent Directors shall be determined by his contribution to the Company, considering factors such as efforts and time spent as well as his responsibilities on the Board. Generally, directors who undertake additional duties as chairman and/or members of the Board Committees will receive higher fees because of their additional responsibilities.

Directors' Fees amounting to S\$104,500/-for the financial year ended 31 March 2021 (31 March 2020: S\$104,500/-) were tabled and approved by shareholders of the Company at the Annual General Meeting held on 30 July 2021. For competitive reasons, the Company is not disclosing each individual director's remuneration. Instead, the band of remuneration is disclosed in Note 26 (b) to the financial statements.

The following table sets out the names of Directors whose remuneration bands fell (i) within and below S\$250,000; and (ii) between S\$250,000 and S\$499,999 for the financial year ended 31 March 2021, together with a breakdown (in percentage terms) of each directors' remuneration earned through base/fixed salary, variable or performance related income/bonuses, and director fees/attendance fees proposed to be paid to each Director subject to the approval of shareholders at the annual general meeting.

## Query 6 (cont'd)

### Response to query 6 (cont'd)

|                        | Below S\$250,000             |   |                                | Between S\$250,000 and S\$499,999 |   |                                |
|------------------------|------------------------------|---|--------------------------------|-----------------------------------|---|--------------------------------|
|                        | Percentage (%)               |   |                                | Percentage (%)                    |   |                                |
|                        | Remuneration earned through: |   |                                | Remuneration earned through:      |   |                                |
|                        | Base/ fixed salary           | Variable or performance related income/ bonuses | Director Fees/ Attendance Fees | Base/ fixed salary                | Variable or performance related income/ bonuses | Director Fees/ Attendance Fees |
| Goh Ching Wah          | -                            | -   | -                              | 55                                | 45  | -                              |
| Goh Ching Lai          | -                            | 100   | -                              | -                                 | -   | -                              |
| Goh Ching Huat         | -                            | -   | -                              | 55                                | 45  | -                              |
| Wong King Kheng        | -                            | -   | 100                            | -                                 | -   | -                              |
| Anthony Clifford Brown | -                            | -   | 100                            | -                                 | -   | -                              |
| Heng Su-Ling, Mae      | -                            | -   | 100                            | -                                 | -   | -                              |

Of the remunerations of the top five management personnel who are not directors or the Chief Executive Officer of the Company for the financial year ended 31 March 2021, the remunerations of 1 executive and 3 independent directors fell within the remuneration band of \$250,000 and below and the remunerations of 2 executives fell within the remuneration band of between \$250,000 and \$499,999.

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. The annual aggregate remuneration paid to the top 3 management personnel of the Company (who are not directors or the Chief Executive Officer) for FY2021 is S\$1,175,945.

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua  
Company Secretary

16 August 2021