

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

**RESPONSE TO SGX QUERIES ON THE COMPANY'S ANNUAL REPORT FOR
THE FINANCIAL YEAR ENDED 31 MARCH 2023 ("AR2023")**

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 15 August 2023 in relation to the announcement of the Company's annual report for the financial year ended 31 March 2023 ("AR2023").

SGX Query 1

Please explain why the interest income amounted to only S\$121,000 during the financial period ended 31 March 2023 when the Group has significant cash and bank balances amounting to S\$12,732,000.

Company's Response

We refer to note 13 of the AR2023, which reflects S\$6 million held as cash at bank and S\$6 million held as fixed deposits, with details of the respective interest rates. S\$1 million of the cash at bank balance was dividend income from an associate company on the second last day of the financial year. This, together with a S\$2 million fixed deposit which had matured end of March 2023, was placed in a new S\$3 million fixed deposit in April 2023.

Interest income of S\$181,000 was earned for the financial year 2023, of which \$60,000 was not recorded in the AR2023. Due to its immateriality, this audit difference was not corrected, explaining for the lower-than-expected S\$121,000 interest income.

SGX Query 2

Please provide the reason(s) for the significant trade and other payables of S\$4,055,000 when the Group recorded a cash and cash equivalent of S\$12,732,000 as at 31 March 2023.

Company's Response

82% of the trade and other payables as at 31 March 2023 amounting to \$3,321,000 are within the credit terms granted. The Group has made payments in accordance with the credit terms granted.

SGX Query 3

Please explain why the Group is holding on to such a substantial amount of cash amounting to S\$12,732,000, and the Company's plans for the utilisation of cash.

Company's Response

The Group's cash balance is mainly from dividends received from its subsidiary and associated company, which will be used for dividends to the Group's shareholders once approved at the Annual General Meeting. The balance is held for working capital purposes.

SGX Query 4

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).

Company's Response

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

There is no IPT transaction for the financial year.

SGX Query 5

With reference to the audited consolidated statement of cash flows on page 68 of the Company's annual report for FY2023, please provide an explanation for the material difference in the amount of the following item, as compared to the unaudited financial results announcement of the Company for the year ended 31 March 2023:-

- i. The net cash generated from operating activities of SGD\$3,610,000 as compared to the net cashflows from operating activities of SGD\$3,243,000.

Listing Rule 704(6) states that "If an issuer has previously announced its preliminary full-year results, any material adjustments to its preliminary full-year results made subsequently by auditors." It is noted that no announcement has been released on SGXNet for the above material adjustments. Please clarify whether as to Listing Rule 704(6) has been complied with. Otherwise, please make disclosure as required under Listing Rule 704(6).

Company's Response

	Audited Financial Statement as at 31 March 2023	Unaudited Full year result as at 31 March 2023	Variances
	S\$'000	S\$'000	S\$'000
Net cash flows from operating activities	3,610	3,243	367

Change in net cash flows from operating activities is mainly due to the following:

	S\$'000
Changes in unrealised foreign exchange gain	270
Changes in movement in inventories	-11
Changes in movement in trade and other receivables	4
Changes in income tax expenses	59
Reclassification of finance expenses to financing activities	45
	<u>367</u>

SGX 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 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 provided for in your annual report for FY2023 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.

Company’s Response

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

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.

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 decisions without any concentration of power.

The Board comprises an appropriate mix of businessmen and professionals with core competencies and diversity of experience, all of whom as a group, provide 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 Board composition, diversity includes but is not limited to, business experience, geography, age, gender, and ethnicity.

SGX Query 7

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 of the Code with regard to the disclosure of remuneration (including the disclosure on named basis for the top five key management personnel (who are not directors or the CEO)), and there were no explanations were provided for in your annual report for FY2023 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 following disclosure on remunerations was provided on page 37 and 38 (Principle 8) of our Annual Report 2023.

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 38 of the Annual Report.

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 on page 38 of the Annual Report.

SGX Query 8

Listing Rule 1207(19)(c) states that a listed issuer and its officers should not deal in the listed issuer's securities during the period commencing two weeks before the announcement of the company financial statements for each of the first three quarters of its financial year and one month before the announcement of the company's full year financial statements (if the issuer announces its quarterly financial statements, whether required by the Exchange or otherwise), or one month before the announcement of the company's half year and full year financial statements (if the issuer does not announce its quarterly financial statements)(the "Blackout Period").

While it is noted that the Company has adopted its own internal code to guide its officers with regard to dealings in securities during the Blackout Period, please confirm whether the Company itself is subject to the prohibition pursuant to Listing Rule 1207(19)(c).

Company's Response

The Company has put in place a policy on dealing in the Company's securities and has adopted internal codes pursuant to the SGX-ST Listing Rules applicable to all its officers in relation to dealings in the Company's securities. i.e. the Company's officers and all relevant personnel will be notified via email prior to the commencement of each trading blackout period.

The Company's officers are not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the Company's financial results for each of the financial periods and during the period commencing one month before the announcement of the financial results for the financial year and ending on the date of announcement of the relevant results, as disclosed on page 45 of the Annual Report.

Since the adoption of Half Year reporting in line with the changes to the Listing Rules, the Company's officers are not allowed to deal in the Company's securities during the one month commencing before of the Company's Half Year and Full Year results respectively, and ending on the date of the announcement of the relevant results

The Company's officers are also prohibited from trading in the listed securities of the Company when in possession of unpublished price-sensitive information or on short-term considerations.

None of the Company's officers has dealings in Company securities for short-term considerations.

SGX Query 9

Listing Rule 1207(18B)(c) requires issuers to explain how it has complied with the disclosure with regard to its commitment to ensure protection of the whistleblower against detrimental or unfair treatment. We note that the Company has not disclosed the above in its annual report. Please disclose accordingly.

Company's Response

The following disclosure on whistleblowing policies were provided on page 41 (Principle 9) of our Annual Report 2023.

- The Whistle-Blowing Policy has been reviewed by The Audit Committee ("AC") to ensure that it has been properly implemented.
- 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.
- 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.
- 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.

SGX Query 10

Listing Rule 710A(2) requires issuers to describe in its annual report its board diversity policy, including the following:

- (a) the issuer's targets to achieve diversity on its board;
- (b) the issuer's accompanying plans and timelines for achieving the targets;
- (c) the issuer's progress towards achieving the targets within the timelines; and
- (d) a description of how the combination of skills, talents, experience and diversity of its directors serves the needs and plans of the issuer.

We note that the Company has not disclosed the above in its annual report. Please disclose accordingly.

Company's Response

The Company has put in place a Board Diversity Policy which recognises the benefits of having an effective and diverse Board and states that the Nominating Committee is responsible for setting diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and sustainable development.

The Board is of the view that the current Board composition is of an appropriate size and comprises Directors who as a group provide the appropriate balance and mix of skills, knowledge, experience and other aspects of diversity such as educational background, professional expertise, work experience, gender and age, so as to avoid groupthink and foster constructive debate.

Nonetheless, the Company is committed to promoting Board Diversity, with the key objective of working towards strengthening the Board as a whole.

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company Secretary

18 August 2023