# OSSIA INTERNATIONAL LIMITED

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

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**RESPONSE TO SGX QUERIES ON THE UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022**

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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 16 January 2023 in relation to the announcement of the unaudited financial statements announcement for the six months ended 30 September 2022:

**Query 1**

In respect of the Group's non-current trade and other receivables of S$547,000, please disclose:-

(i) the breakdown of the non-current other receivables;
(ii) the nature of the non-current other receivables; and
(iii) the Board's assessment of the recoverability of the non-current trade and other receivables.

**Response to query 1**

| | **30 Sep 2022** |
|---|---|
| **Non- Current** | S$'000 |
| Trade receivables – Related companies | 547 |
| Total Non-current | 547 |

The non-current trade and other receivables are repayable in monthly instalments with final repayment in 2025. Certain directors of the Company who are also directors of the related parties have agreed to provide continuing financial support to these related parties to enable them to meet their financial obligations as and when they fall due.

**Query 2**

Please explain why interest income amounted to only S$2,000 during the financial period ended 30 September 2022 when the Group has significant cash and bank balances amounting to S$5,794,000.

**Response to query 2**

The interest income on fixed deposit was not recorded for the period ended 30 September 2022 due to its immateriality.

**Query 3**

Please provide information on the Group's inventory turnover days.

**Response to query 3**

| | **30 Sep 2022** |
|---|---|
| Inventories turnover days | 404 days |

The Group's inventories mainly due to new season stocks purchased towards the end of the half year ended 30 September 2022 for existing brands of the Taiwan subsidiary. These purchases were made in anticipation of the festive season sales like Christmas and Chinese New Year.

**Query 4**

It is noted that the Company has a net cash outflow from operating activities of S$2,194,000 and a net profit of S$3,411,000 for the financial period ended 30 September 2022. Please explain why the Company is unable to generate net cash inflow from its operating activities, despite the Company's net profit position for Q2 FY2022.

**Response to query 4**

The Group's cash generated is mainly from dividend received from its subsidiaries and associated company. Borrowings made by the Group's overseas subsidiary are for the subsidiary's working capital purpose. Securing a short-term loans is a management strategy adopted by the subsidiary, for varying periods of between 6 months to 12 months depending on the immediate cash requirements of the subsidiary.

**Query 5**

Please provide the reason(s) for the bank borrowings of S$1,220,000 by the Group and the trade and other payables of S$2,935,000 when the Group recorded a cash and cash equivalents of S$5,794,000 as at 30 September 2022.

(a) Please disclose:

(i) details of the loan, including the terms of the loan, interest on loans and maturity dates;
(ii) when were the loans obtained and approved by the Board including the Audit Committee; and
(iii) the use of proceeds from the loans

(b) Please disclose a breakdown of trade and other payables amounting to S$2,935,000 as at 30 September 2022. For other payables, please disclose the aging and nature of these other payables and whether the counterparties are related parties.

**Response to query 5**

The Group has undertaken a careful review of its operations in order to align operating costs and strategies with market expectations in the new normal. The Group's cash balance is mainly from dividend received from its subsidiaries and associated company which will be used for dividend to the Group's shareholders once approved at forthcoming AGM. Borrowings made by the Group's overseas subsidiary are for the subsidiary's working capital purpose. Securing a short-term loans is a management strategy adopted by the subsidiary, for varying periods of between 6 months to 12 months depending on the immediate cash requirements of the subsidiary.

**Query 5 (Continued)**

**Response to query 5 (Continued)**

| **Bank Borrowing** | | | | | | |
|---|---|---|---|---|---|---|
| **Lenders** | **30 September 2022 (S$'000)** | **Terms of loan** | **Interest on loan** | **Obtained date** | **Maturity date** | **Use of proceeds** |
| **Current** | | | | | | |
| Taipei Fubon Bank | 452 | Unsecured | Floating rate | Oct 2020 | Oct 2023 | Working capital for operating expenses |
| CTBC Bank Co., Ltd. | 542 | Unsecured | Floating rate | Aug 2022 | Mar 2023 | Working capital for operating expenses |
| Mega International Commercial Bank Co., Ltd. | 226 | Secured | Fixed rate | Aug 2022 | Aug 2023 | Renovation |
| | 1,220 | | | | | |

*Note:*

*All the bank borrowing are drawdown from the existing Board approved bank facilities.*

**Query 5 (Continued)**

**Response to query 5 (Continued)**

| | **30 Sep 2022** |
|---|---|
| | S$'000 |
| Trade payables – Third Parties | 1,409 |
| **Accrual and other payables – Third parties** | |
| Rental Payable | 264 |
| Accrued staff cost related expenses | 521 |
| Accrued renovation and maintenance costs | 315 |
| Accrued of other operating costs | 404 |
| Sales tax payable | 22 |
| | 1,526 |
| Total | 2,935 |

Nature and aging of other payable

Other payables due to external parties are non-interest bearing and are normally settled on 30 to 60 days' terms.

| | **30 Sep 2022** | **Current** | **Past due 1 to 6 months** | **Past due > 6 months** |
|---|---|---|---|---|
| | S$'000 | S$'000 | S$'000 | S$'000 |
| Accrual and other payables – Third parties | 1,526 | 849 | 431 | 246 |

**Query 6**

It is disclosed on page 20 of the unaudited financial statements that, “The Group’s bill payables increased by 100.0% or $1.76 million from $0.00 million to $1.76 million mainly due to increase in purchases for the coming spring summer collection after the financial year end via bill payable facilities.” Please provide further information on the bill payable facilities.

**Response to query 6**

| **Bill Payables** | | | | |
|---|---|---|---|---|
| **Lenders** | **30 September 2022 (S$’000)** | **Interest on bill payables** | **Obtained date** | **Maturity date** |
| **Current** | | | | |
| Taipei Fubon Bank | 730 | Floating rate | Sep 2022 | Mar 2023 |
| Cathay United Bank | 1,028 | Fixed rate | Sep 2022 | Mar 2023 |
| | 1,758 | | | |

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company Secretary

19 January 2023