

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

**RESPONSE TO SGX QUERIES ON THE FULL YEAR RESULTS FOR THE
FINANCIAL YEAR ENDED 31 MARCH 2021**

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 July 2021 in relation to the announcement of full year financial statements for the year ended 31 March 2021:

Query 1

With regard to the non-current trade and other receivables amounting to \$1,791,000 as at 31 March 2021, please disclose:

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

Response to query 1

Nature	31 March 2021
	\$’000
Trade receivables – Related Parties	1,568
Other receivables – Related Parties	223
	<hr/>
Total	1,791
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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 disclose:

- (i) The nature and breakdown of the Group's other receivables; and
- (ii) The underlying transactions and the terms of the transactions (including the contract sum) and payment terms of the underlying contracts.

Response to query 2

Nature	31 March 2021
	\$'000
<u>Non-current</u>	
Other receivables – Related Parties	223
	<hr/>
	223
	<hr/>
<u>Current</u>	
Dividend receivable from associate company	1,126
Other receivables – Related Parties	562
Other receivables – Third Parties	639
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	1,765
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Related parties related to companies where certain of its directors are also directors of the Company. These directors 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, including undertaking to repay balances due from these related parties to the Group.

Query 3

Please explain why interest income amounted to only \$6,000 during the financial year ended 31 March 2021 when the Company has cash and bank balance amounting to \$6,297,000.

Query 3 (continued)

Response to query 3

The COVID-19 pandemic has exerted a major impact on the Group's retail operations. Pandemic induced economic disruptions have resulted in more cautious handling of the liquidity of the Group. The Group has undertaken a careful review of the operating strategies and the cashflow management in order to align the operation costs and interest income earned.

Query 4

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

Response to query 4

	31 March 2021	31 March 2020
Inventories turnover days	354 days	331 days

No major fluctuation on the inventory's turnover days.

Query 5

Please disclose a breakdown of trade and other payables amounting to \$2,205,000 as at 31 March 2021. For other payables, please disclose the aging and nature of these other payables, the identity of the counterparties and whether the counterparties are related parties.

Response to query 5

	Note	31 March 2021 \$'000
Trade payables – Third Parties		952
Other payable – Related Parties	(i)	10
Accrual and other payables – Third parties	(ii)	<u>1,243</u>
Total		<u>2,205</u>

Query 5 (continued)

Response to query 5 (continued)

Note:

- (i) Nature and aging of other payable

Other payables are non-trade related, non-interest bearing, unsecured and repayable on demand.

	31 March 2021 \$'000	Current \$'000	Past due 1 to 6 months \$'000	Past due > 6 months \$'000
Other payable – Related Parties	10	2	3	5
Accrual and other payables – Third Parties	1,243	756	88	399
Total	1,253	758	91	404

- (ii) The breakdown of the accrual and other payables as follows:

	31 March 2021 \$'000
Accrued staff cost related expenses	572
Accrued renovation and maintenance costs	318
Accrued sales and marketing costs	149
Accrual of other operating costs	147
Sales tax payable	57
Total	1,243

Query 6

Please provide the reason(s) for the current bank borrowings of \$1,653,000 and non-current bank borrowings of \$709,000 by the Group when the Group recorded cash and bank balances of \$6,297,000 as at 31 March 2021.

Please disclose:

- (i) Details of the loan, including the terms of the loan, interest on loans and maturity dates;
- (ii) A breakdown of the lenders and their identities;
- (iii) When were the loans obtained and approved by the Board including the Audit Committee; and
- (iv) The use of proceeds from the loan.

Response to query 6

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 dividends 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 loan is the answer to achieving a positive cash-flow and eliminating or avoiding a cash flow crisis.

Query 6 (Continued)

Response to query 6 (Continued)

Bank Borrowing						
Lenders	31 March 2021	Terms of loan	Interest on loan	Obtained date	Maturity date	Use of proceeds
<u>Non-current</u>	\$'000					
Taipei Fubon Bank ⁽¹⁾	709	Secure	Floating rate	Oct 2020	Oct 2022	Working capital for operating expenses
<u>Current</u>						
Taipei Fubon Bank ⁽¹⁾	709	Secure	Floating rate	Oct 2020	Oct 2021	Working capital for operating expenses
Mega International Commercial Bank Co., Ltd ⁽²⁾	392	Secure	Fixed rate	Dec 2020	Dec 2021	Store renovation and maintenance
CTBC Bank Co., Ltd. ⁽²⁾	552	Unsecure	Fixed rate	Oct 2020	Oct 2021	Working capital for operating expenses
	1,653					

Note:

(1) New loan approved by the Board of directors on 31 July 2020 and drawdown in October 2020.

(2) Drawdown from the existing Board approved bank facilities.

Query 7

Please provide the reason(s) for the significant trade and other payables of \$2,205,000 when the Group recorded cash and bank balances of \$6,297,000 as at 31 March 2021.

Response to query 7

70% of the trade and other payables as at 31 March 2021 amounting to \$1,540,000 are within the credit terms granted. The Group has made payments in accordance with the credit terms granted.

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company Secretary

19 July 2021