Issuer: Ossia International Limited
Security: Ossia International Limited

Meeting details:
Date: 27 July 2017
Time: 9.30 a.m.
Venue: 10 Changi South Lane, #07-35 Singapore 486162

Company Description
Ossia International Limited, together with its subsidiaries, markets, distributes, imports, and retails sporting goods, golf equipment, footwear accessories, apparel, and bags in Singapore, Malaysia, Taiwan, and Hong Kong. The company is also involved in designing, marketing, and distributing fashion wear and accessories. It has approximately 40 specialty stores and 68 shop-in-shops in fashion apparel, bags, and footwear products. The company was founded in 1982 and is based in Singapore.
(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=O08)

Q1. In the Group Executive Chairman's Statement (page 5 of the annual report), it was stated that revenue dropped by 9.4% from $33.0 million in FY2016 to $29.9 million in FY2017 mainly due to "closure of non-performing outlets".

In Note 30 (page 101 – Segment Information), it can be seen that segment revenue from Singapore and Malaysia was the main contributor of the drop. Revenue from Singapore and Malaysia dropped from $10.244 million to $6.642 million while revenue from Taiwan increased by $0.5 million.

a) **Can the company provide shareholders with the basic information of the group's retail business including the number of outlets, location, brands etc?** Shareholders currently do not have visibility of how the group is performing.

b) **Can management report the same-store sales on an ongoing basis? How many non-performing outlets were closed?**

c) **Please elaborate further on the drop of more than a third of revenue in FY2017 for the Singapore and Malaysia segment.**

d) **How is the company adapting to the changes in consumer behaviours and trends? What is the impact of e-commerce on the group's business and how is group embracing e-commerce going forward?**

Q2. On 14 July 2016, the group announced that there were material differences between the Unaudited Financial Statements and Audited Financial Statements for FY2016. Amongst others, the variances were due to:

- Adjustment for provision of doubtful debts wrongly written back
- Reversal of settlement of intercompany payables wrongly taken to profit and loss account
- Reclassification of other receivables from other payables

Following the release of the third quarter financial results on 14 February 2017, the company once again made a clarification in which the material differences in the financial statements are due to:

- Reclassification of deposits and sundry debtors from trade and other receiveables to other financial assets
- Reclassification of fixed deposits from other financial assets to cash & bank balances

a) **As management is responsible for the preparation of financial statements to give a true and fair view in accordance with the provisions of the Act and FRSs, how can shareholders get the assurance from management that the financial statements are prepared in accordance with the provisions of the Act and FRSs?**

b) **As directors' responsibilities include overseeing the group's financial reporting process, can the board help shareholders understand how it has helped management to improve its financial reporting?**

Specifically, the audit committee has the responsibility to "review the quarterly and annual financial statements and balance sheets and income statements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements" (page 21).

c) **Can the members of the audit committee explain their involvement in the preparation of the financial statements?**

d) **What are the board's recommendations to management to prevent such material restatements from happening again?**

Q3. On 5 June 2017, the company announced that it has been notified by the Singapore Exchange Securities Trading Limited (the "SGX-ST") that it will be placed on the watch-list (the "Watch-list") with effect from 5 June 2017 pursuant to Listing Rule 1311(2) of the Listing Manual of the SGX-ST (the "Listing Manual") due to the Company having recorded:

i) a volume-weighted average price of less than S$0.20 over the last 6 months; and
ii) an average daily market capitalisation of less than S$40 million over the last 6 months.

The SGX-ST has informed the Company that it must take active steps to meet the requirements of Listing Rule 1314(2) of the Listing Manual within 36 months from 5 June 2017, failing which the SGXST would delist the Company or suspend trading in the Company's shares with a view to delisting the Company.

Listing Rule 1314(2) of the Listing Manual states that the Company will be assessed by the SGX-ST for removal from the Watch-list if it records volume-weighted average price of at least S$0.20 and an average daily market capitalisation of S$40 million or more over the last 6 months.

Has the board deliberated on the options available to the company to meet the requirements of Listing Rule 1314(2)? If so, can the company disclose its plans to exit the watch-list?