OCEAN SKY

OCEAN SKY INTERNATIONAL LIMITED

2015 ANNUAL REPORT

Contents

Corporate Profile

Ocean Sky International Limited ("Ocean Sky" or the "Company" and together with its subsidiaries, the "Group"), is an investment holding company with an interest in civil engineering, construction and related services business ("Construction and Engineering Business"), and the business of property development, investment and management ("Property Business").

The Group is involved in the Construction and Engineering Business through its associate company, Ang Tong Seng Brothers Enterprises Pte. Ltd. ("ATS"), which is a civil engineering and construction company that operates primarily in Singapore and provides engineering services such as earthwork, roadwork, drainage work, basement work and structural works involving demolition and underground infrastructure as well as other general building works. Registered with the Building and Construction Authority of Singapore, ATS is currently classified under Grade C3 for General Building category and Grade C1 for Civil Engineering category.

For its Property Business, the Group currently is leasing out land in Cambodia to generate rental income, and will explore other property-related opportunities in Singapore and other Asian countries.

Corporate Information

BOARD OF DIRECTORS

Mr Ang Boon Cheow Edward
Executive Chairman & Chief Executive Officer

Mr Ang Boon Chong
Non-Executive Director

Mr Chua Keng Hiang
Lead Independent Director

Mr Ng Ya Ken
Independent Director

Ms Tan Min-Li
Independent Director

AUDIT COMMITTEE

Mr Chua Keng Hiang (Chairman)
Mr Ng Ya Ken
Ms Tan Min-Li

NOMINATING COMMITTEE

Ms Tan Min-Li (Chairman)
Mr Chua Keng Hiang
Mr Ang Boon Cheow Edward

REMUNERATION COMMITTEE

Mr Ng Ya Ken (Chairman)
Mr Chua Keng Hiang
Ms Tan Min-Li

SECRETARY

Mr Chia Yau Leong

REGISTERED OFFICE AND BUSINESS ADDRESS

300 Tampines Avenue 5
#09-05 NTUC Income Tampines Junction
Singapore 529653
Tel: (65) 6789 9988
Fax: (65) 6789 9933

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6536 1360

AUDITORS

BDO LLP
Public Accountants and Chartered Accountants
21 Merchant Road
#05-01
Singapore 058267

Partner in Charge: Mr Adrian Lee Yu-Min
(First appointed in respect of the financial year ended 31 December 2013)

BANKERS

The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

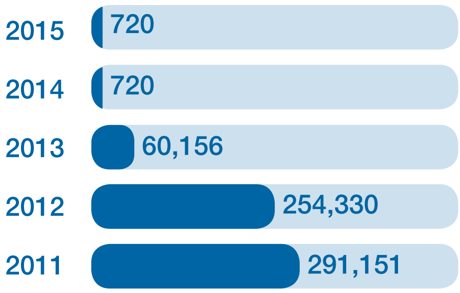
Financial Highlights

(US$'000)	2011	2012	2013	2014	2015
SUMMARISED COMPREHENSIVE INCOME STATEMENT					
Revenue	291,151	254,330	60,156	720	720
Profit/(Loss) before income tax	10,902	12,033	13,701*	23	(1,478)
Net profit/(loss) attributable to owners of the parent	9,140	10,465	11,315	(461)	(1,768)
SUMMARISED FINANCIAL POSITION STATEMENT					
Non-current assets	32,423	5,718	10,744	13,947	14,236
Current assets	99,148	120,220	39,117	23,413	19,049
Current liabilities	(56,302)	(44,635)	(6,659)	(5,452)	(2,725)
Non-current liabilities	(4,227)	(82)	(109)	(67)	(72)
	71,042	81,221	43,093	31,841	30,488
Capital and reserves	71,042	81,221	43,093	31,841	30,488
FINANCIAL RATIOS					
Earnings/(Loss) per share (US cents)	2.15	2.36	2.52	(0.10)	(0.39)
Profit/(Loss) before income tax margin	3.7%	4.7%	22.8%	3.2%	-205.3%
Net profit/(loss) margin	3.1%	4.1%	18.8%	-64.0%	-245.6%
Net tangible assets per share (US cents)	16.56	18.07	9.59	7.08	6.78
Return on assets	6.9%	8.3%	22.7%	-1.2%	-5.3%
Return on equity	12.9%	12.9%	26.3%	-1.4%	-5.8%

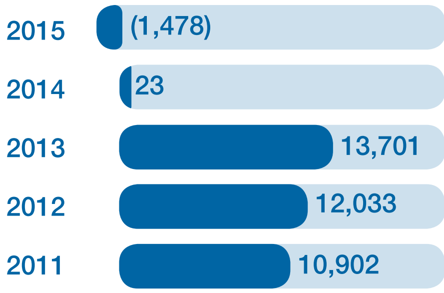
* Includes gain on disposal of subsidiaries of US$15,878,000

Financial Highlights

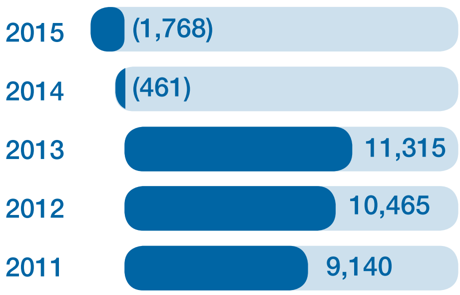
Revenue
in US$'000



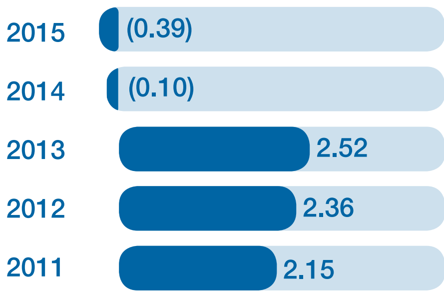
Profit/(Loss) before income tax
in US$'000



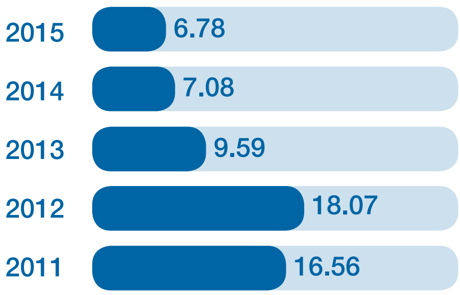
Net profit/(loss) attributable to owners
of the parent in US$'000



Earnings/(Loss) per share
in US cents



Net tangible assets per share
in US cents



Board of Directors

Mr Ang Boon Cheow Edward

Executive Chairman &
Chief Executive Officer

Mr Ang Boon Cheow Edward has been instrumental in spearheading the Group's expansion since its inception in 1995 and provides strong leadership to the Group in the area of strategic direction and planning. Before the divestment of the Group's apparel business, Mr Ang has been in the apparel industry for more than 15 years, with his contribution to the industry being recognised by his peers when he was elected President of the Textile & Fashion Federation (Singapore) from 2002 to 2006 and has been Honorary President since 2007.

In addition, Mr Ang is familiar with the construction and civil engineering sector as he has invested in ATS, now an associate company of the Group, for more than 20 years. As Managing Director of ATS from 1992 to 2003, Mr Ang was actively involved in the executive management of ATS with responsibilities for overall business development, strategic planning and project management. Since 2003, he has been the non-executive chairman of ATS and maintains oversight of ATS' operations at the board level.

Mr Ang has a Business Degree from the USA and is currently the Vice-Chairman for International Affairs Committee and Council Member of Singapore Chinese Chamber of Commerce & Industry.

Mr Ang Boon Chong

Non-Executive Director

Mr Ang Boon Chong played a pivotal role in steering the marketing, business development and customer relationship management of the Group's previous apparel business. As previous Chief Operating Officer of the apparel business, he provided the stewardship for the Group's market development strategies and plans, particularly in the areas of marketing, research, merchandising and sourcing as well as product development. Mr Ang is also well-versed in the management of global manufacturing operations. Following the divestment of the Group's apparel business, Mr Ang was re-designated from an Executive Director to a Non-Executive Director.

Prior to joining Ocean Sky International Limited, Mr Ang has assumed various management positions in ATS for approximately 10 years. He is currently a non-executive director of ATS and oversees ATS' operations at the board level.

Board of Directors

Mr Chua Keng Hiang

Lead Independent Director

Mr Chua Keng Hiang is a practicing member of the Institute of Singapore Chartered Accountants. He has more than 30 years of experience in public accounting, corporate finance and management. He holds an honours degree in accountancy from the then University of Singapore and is a fellow member of the Association of Chartered Certified Accountants (UK). Mr Chua currently sits on the board of two other listed companies – Jadason Enterprises Ltd and Memtech International Limited.

Mr Ng Ya Ken

Independent Director

Mr Ng Ya Ken holds a Master's degree in economics from New Zealand. Mr Ng worked as a senior economics statistician in the Ministry of Trade and Industry in the 1970s and early 1980s, after which he joined a market research company as a senior research manager. He later worked at the Singapore Press Holdings for nine years, first as a senior research manager and later as an Assistant General Manager in its Advertising and Marketing Division. After leaving SPH, Mr Ng worked as a senior consulting manager at the Marketing Institute of Singapore and the Enterprise Promotion Centres. He later worked as a freelance consultant and has recently retired. In the course of his consulting career, Mr Ng has worked with enterprises and institutions from a diverse range of industries, from manufacturing and construction to telecommunication and banks.

Ms Tan Min-Li

Independent Director

Ms Tan Min-Li is currently the Joint Managing Partner at Colin Ng & Partners LLP, a firm of advocates and solicitors in Singapore, and has over 15 years of experience in the legal profession. Ms Tan has considerable experience in the areas of initial public offerings, regional investments, corporate restructuring, cross border joint ventures and mergers and acquisitions in the region. She regularly advises on Singapore Exchange compliance and corporate governance issues. Ms Tan heads the Corporate Finance Practice Group, Greater China Practice Group and Japan Focus Group at Colin Ng & Partners LLP. Her principal areas of practice are in corporate and financial services with particular emphasis on corporate finance and mergers and acquisitions in Singapore and the region. Prior to joining Colin Ng & Partners LLP in 2003, she was a partner with KhattarWong, a firm of advocates and solicitors in Singapore, and had also held other positions at other law firms since graduation. Ms Tan graduated with a Bachelor of Laws (Honours) from the National University of Singapore and a Master of Laws from University College London, University of London, and was admitted as an Advocate and Solicitor of the Supreme Court of Singapore in 1992. Ms Tan currently sits on the board of two other listed companies – Anchun International Holdings Ltd and Union Steel Holdings Limited.

Key Management

Mr Ang Boon Cheow Edward

Chief Executive Officer

Mr Ang Boon Cheow Edward spearheads the Group's overall corporate strategies where he plans and oversees the Corporate Services division. He is responsible for leading Ocean Sky in its overall corporate support including finance & accounting, IT, corporate social responsibility, administration and human resource management functions.

Mr Chia Yau Leong

Financial Controller

Mr Chia Yau Leong joined the Group in May 2008 and is responsible for the overall planning and management of the Group's financial, taxation and corporate governance functions. Holding both ACCA professional degree and Bachelor of Science (Mathematics) degree awarded by the National University of Singapore, Yau Leong also plays an important advisory role towards the formulation of the Group's strategic development plans through financial analysis and providing recommendations to the management. He carries with him 20 years of auditing, accounting and financial management experience.

TEAMWORK

We encourage employee involvement and participation, and respect individual contribution to our success.

INTEGRITY

We are committed to the highest standards of integrity in all aspects of our business and are responsible to our customers and stakeholders.

PASSION

We seek to innovate and to be the best in all areas: products, services, processes and individual contribution that will enhance the competitiveness of our customers.

CORPORATE SOCIAL RESPONSIBILITY

In our actions as an individual and as a corporate citizen, to enhance the quality of life and protect the environment of the communities where we do our business.

FUN & WARMTH

To provide a happy and caring environment. "Find a job that you love and you'll never have to work a day in your life."

Chairman's Statement

Dear Shareholders,

On behalf of the board and management, I am pleased to present to you the annual report of Ocean Sky International Limited ("Ocean Sky" or the "Company", and together with its subsidiaries, the "Group") for the financial year ended 31 December 2015 ("FY2015").

Business Overview

FY2015 was a challenging year for the Group as the construction sector in Singapore continued to face higher business costs arising from the tight labour market. This was coupled by global economic uncertainties arising from a slowdown in China, low oil prices, and a myriad of other factors. Through its associate company, Ang Tong Seng Brothers Enterprises Pte Ltd, a civil engineering and construction company in Singapore, the Board believes that the business environment remains challenging in the coming year as the tight labour market conditions in Singapore and global economic uncertainties continue to persist. Notwithstanding these challenges, the Group will closely monitor the situation for its construction and civil engineering business.

As for its property investment and management business, the Group is able to generate stable rental income via a 20-year long-term fixed rental rate land lease in Cambodia. In addition, the Group will continue to explore other business and investment opportunities in the Asian property sector within and beyond Singapore and Cambodia.

Performance Review

The Group had a revenue of US$0.72 million for FY2015, which consisted of rental income from land leasing that was consistent with its revenue recorded for the previous corresponding year ("FY2014"). Other income fell to US$0.03 million due mainly to the recognition of fair value gain on investment property in FY2014. Administrative and other operating expenses increased to US$2.92 million for FY2015 from US$1.30 million for FY2014. This was mainly due to a reclassification of cumulative exchange loss from currency translation reserve on winding up of foreign operations, recognition of fair value loss on investment property, underprovision of prior years' property tax on investment property, professional fees in relation to the proposed acquisition of Link (THM) Holdings Pte Ltd and provision for tax penalties and interest on reassessed income taxes of a subsidiary in Cambodia, for which an objection has been lodged and the case is still pending. In addition, the share of results of associate increased 10.5% to US$0.69 million for FY2015 from US$0.62 million for FY2014.

Overall for FY2015, the Group registered a loss after income tax of US$1.77 million as compared to a loss after income tax of US$0.46 million for FY2014.

Exploring opportunities

On 25 March 2015, the Company entered into a conditional sale and purchase agreement (the "SPA") with Mr Tan Heng Mong, Ms Tan Bee Hoon, Mr Chan Teck Huat and Mr Tan Heng Kiat (the "Vendors") for a proposed acquisition of the Vendors' entire equity interest in Link (THM) Holdings Pte Ltd, which is expected to result in a reverse take-over of Ocean Sky, subject to shareholders' approval. However, as announced on 25 March 2016, the SPA has ceased as the conditions precedent to the SPA have not been fulfilled or waived by the long stop date of 24 March 2016, and no further extension of time was agreed to by the parties to the SPA.

Moving forward, the Group will continue to progressively develop its civil engineering, construction and property businesses. It will also prudently assess investment opportunities with great business potential with an aim to capitalise on these opportunities to add value for all stakeholders of the Group.

Chairman's Statement

Corporate Exercise

In compliance with the new minimum trading price rule for Main Board listed companies, the Company has announced on 27 February 2016 its intention for a proposed transfer (the "Proposed Transfer") of its listing from the Main Board of Singapore Exchange Securities Trading Limited ("SGX-ST") to the Catalist Board of SGX-ST, subject to the approval of shareholders and SGX-ST. The Board is of the view that the Proposed Transfer will provide the Company with a more conducive and supportive listing platform for companies who require a flexible regulatory system to float their shares. The Proposed Transfer and listing on the Catalist will position the Company appropriately and better allow it to attract investors in the future.

Acknowledgements

On behalf of the board and management, I would like to once again thank our shareholders for their continuous faith in, and support of, Ocean Sky during the year. I would also like to take this opportunity to express my thanks to our dedicated staff for their commitment and diligence, as well as our business associates for their valuable assistance, service and support over the years.

Yours sincerely

Ang Boon Cheow Edward
Executive Chairman and Chief Executive Officer

Operations Review

Continuing Operations

Revenue & Other Income

The Group recorded a consistent revenue of US$0.72 million for the financial year ended 31 December 2015 ("FY2015") as compared to the preceding financial year ended 31 December 2014 ("FY2014"). The Group's revenue consisted of rental income from land leasing during the financial year. Other income decreased to US$0.03 million for FY2015 from US$2.75 million for FY2014, due mainly to the recognition of fair value gain on investment property in FY2014.

Expenses

For FY2015, administrative and other operating expenses increased by 124.1% to US$2.92 million from US$1.30 million for FY2014. The increase was due mainly to reclassification of cumulative exchange loss from currency translation reserve on winding up of foreign operations, recognition of fair value loss on investment property, underprovision of prior years' property tax on investment property, professional fees in relation to the proposed acquisition of Link (THM) Holdings Pte Ltd and provision for tax penalties and interest on reassessed income taxes of a subsidiary in Cambodia, for which an objection has been lodged and the case is still pending.

The share of results of associate increased 10.5% from US$0.62 million for FY2014 to US$0.69 million for FY2015, due mainly to the increased revenue which was partially offset by higher labour costs.

Income tax expenses decreased to US$0.29 million for FY2015 from US$0.62 million for FY2014. This was mainly attributable to higher income tax payable for fair value gain on investment property in FY2014, which was partially offset by an underprovision of income taxes in prior years of the subsidiary in Cambodia, for which an objection has been lodged and the case is still pending.

Discontinued Operations

The loss after income tax from discontinued operations for FY2014 was due mainly to the provision for settlement of claims on warranties from Sunny Force Limited on realisable value of inventories and tax liabilities in relation to the disposed apparel operations.

Overall, the Group registered a loss after income tax of US$1.77 million for FY2015 as compared to the loss after income tax of US$0.46 million for FY2014.

Financial Position

Investment property decreased slightly to US$10.14 million as at 31 December 2015 from US$10.48 million as at 31 December 2014 due to the recognition of loss in fair value of the land in Cambodia. Trade and other payables increased to US$2.40 million as at 31 December 2015 from US$2.06 million as at 31 December 2014 due mainly to the provision of tax penalties and interest on reassessed income taxes of the subsidiary in Cambodia. Income tax payable decreased to US$0.29 million as at 31 December 2015 from US$0.67 million as at 31 December 2014. This was due mainly to higher income tax payable for fair value gain on investment property in FY2014, which was partially offset by an underprovision of income taxes in prior years of the subsidiary in Cambodia. As at 31 December 2015, cash and bank balances decreased to US$9.0 million from US$13.32 million as at 31 December 2014, which was mainly attributable to the payment of warranty claims, income taxes and trade and operating expenses.

Cashflows

For FY2015, the Group incurred cash outflow from operating activities of US$4.13 million, due mainly to the payment of warranty claims, income taxes and trade and operating expenses. Overall, the Group's total cash and cash equivalents decreased from US$23.32 million as at 31 December 2014 to US$19.0 million as at 31 December 2015.

Corporate Governance

The Company is committed to maintaining a high standard of corporate governance, and adherence to the principles and guidelines of the revised Code of Corporate Governance 2012 (the "Code"). This report outlines the Company's corporate governance practices throughout the financial year under review with specific reference to the Code. The Company has complied with the principles of the Code where appropriate.

(A) BOARD MATTERS

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

The Board of Directors (the "Board") comprises:

Ang Boon Cheow Edward	(Executive Chairman & Chief Executive Officer)
Ang Boon Chong	(Non-Executive Director)
Chua Keng Hiang	(Lead Independent Director)
Ng Ya Ken	(Independent Director)
Tan Min-Li	(Independent Director)

The Board's key responsibilities are in the following areas:

- formulate the Group's overall corporate strategies and directions and ensure adequate resources are available to meet these objectives;
- assume responsibility for overall performance of the Group;
- approve major funding, investment and divestment decisions;
- ensure adequate and effective system of internal controls and risk management processes to safeguard shareholders' interest and Group's assets;
- ensure compliance with statutory and financial reporting requirements, including approval of results, annual report and financial statements;
- ensure compliance with the law and the Company's Memorandum and Articles of Association;
- determine and propose payment of dividends;
- provide guidance and advice to Management;
- determine and monitor corporate governance practices;
- identify key shareholder groups and recognise their perceptions affect the Group's reputation;
- set the Group's value and standards, and ensure that obligations to shareholders and other stakeholders are understood and met; and
- consider sustainability issues including environmental and social factors in the formulation of the Group's strategies.

The Board meets on a quarterly basis. Ad-hoc meetings are held whenever circumstances require. The Company's Articles of Association (the "Articles") allow the Board to convene meetings through teleconferencing, video conferencing or similar communication equipment whereby all persons participating in the meeting are able to hear one another.

The Board recognises that in the ordinary course of the operations, there are instances where it would not be time or cost efficient to convene a meeting of all directors to approve general matters that are routine or immaterial in nature. In this regard, the Board has an Executive Committee comprising the Executive Directors to whom the Board has delegated authority over recurring operational matters and matters that are not material in nature.

Corporate Governance

Recurring operational matters include:

- review the Company's and the Group's financial requirements and approve matters relating to:
  - opening and closing of bank accounts;
  - opening and closing of securities trading accounts;
  - change in banking signatories and signing conditions; and
  - acceptance of banking facilities and other banking related matters;
- approve the incorporation, acquisition and/or disposal of company or companies resulting from internal restructuring and re-organisation within the Group;
- authorise the affixation of the Common Seal of the Company in accordance with the Articles;
- review and approve yearly business plans of all operating companies within the Group including amendments thereto;
- review quarterly and monthly reports of all operating companies within the Group;
- review and decide on appropriate actions on major variances in budgets for operating companies within the Group; and
- review and approve remuneration packages of all senior appointments (other than directors), of all companies within the Group.

Matters that are considered immaterial include:

- approve the incorporation and acquisition of companies other than those intended for material transactions; and
- approve the disposal/de-registration/application for strike off/liquidation in respect of companies whose values are not material.

With effect from 15 May 2013, the Executive Committee was temporarily suspended. The Executive Committee will be re-formed as and when appropriate.

The Board has also delegated specific responsibilities to three committees namely, the Audit Committee (the "AC"), the Nominating Committee (the "NC") and the Remuneration Committee (the "RC") to assist in the execution of its responsibilities. These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The Board acknowledges that while these various Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board.

The Board holds four scheduled meetings each year and such additional meetings as may be necessary to address any specific matters that may arise. The Directors' attendance at Board and Board Committee meetings held during the financial year under review is as follows:

	Meetings							
	Board		Audit Committee		Remuneration Committee		Nominating Committee	
	Number of meetings							
Name of Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Ang Boon Cheow Edward	4	4	N/A	N/A	N/A	N/A	1	1
Ang Boon Chong	4	2	N/A	N/A	N/A	N/A	N/A	N/A
Chua Keng Hiang	4	4	4	4	1	1	1	1
Ng Ya Ken	4	4	4	4	1	1	N/A	N/A
Tan Min-Li	4	4	4	4	1	1	1	1

Corporate Governance

The Board is updated on a regular basis on key changes in relevant regulatory requirements, code of corporate governance, financial reporting standards, risk management and industry-related matters so as to enable them to properly discharge their duties as Board or Board Committee members. For the financial year under review, the Board was briefed on the strategic and business development of the Group by the Chief Executive Officer, releases issued by the Singapore Exchange Securities Trading Limited and Accounting and Corporate Regulatory Authority ("ACRA") which are relevant to the Board, including but not limited to minimum trading price, updates to Listing Manual, two-phase implementation of Companies (Amendment) Act 2014 and recommendations of ACRA's Financial Surveillance Programme are circulated to the Board by the Company Secretary, and Financial Reporting updates by the external auditors.

When a new director is to be appointed, a formal letter of appointment setting out the duties and obligations shall be given to the new director. Newly appointed directors will be given briefings by Management on the business activities and its strategic directions. No new director has been appointed for the financial year under review.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board now consists of one Executive Director, one Non-Executive Director and three Independent Directors. The Independent Directors make up more than half of the Board.

Name of Directors	Board of Directors	Audit Committee	Remuneration Committee	Nominating Committee
Ang Boon Cheow Edward	Executive Chairman & Chief Executive Officer	–	–	Member
Ang Boon Chong	Non-Executive Director	–	–	–
Chua Keng Hiang	Lead Independent Director	Chairman	Member	Member
Ng Ya Ken	Independent Director	Member	Chairman	–
Tan Min-Li	Independent Director	Member	Member	Chairman

The NC believes that the current size of the Board is appropriate, taking into account the scope and nature of the Group's operations and the mix of expertise and experiences of its members.

The Board possesses the core competencies in areas such as accounting and finance, legal, business and management experience, industry knowledge and strategic planning experience to lead and control the Company. In particular, the Executive Director possesses good industry knowledge while the Non-Executive Directors, who are mostly professionals and experts in their own fields, are able to take a broader view of the Group's activities, contribute their valuable experiences and provide independent judgement during Board deliberations.

The role of Non-Executive Directors is to constructively challenge and help develop proposals on strategy, review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

To ensure that the Non-Executive Directors are well supported by accurate, complete and timely information, they have unrestricted access to Management, and have sufficient time and resources to discharge their oversight functions effectively. The Non-Executive Directors also receive board briefings on prospective deals and potential development at an early stage before formal board approval is sought.

When necessary, the Non-Executive Directors meet without the presence of management to discuss and review any matters regarding the Group.

The composition of the Board and independence of each Independent Director are reviewed annually by the NC. All the Independent Directors have confirmed in writing of their independence in accordance with the Code.

The NC, in its deliberation as to the independence of a Director, took into account examples of relationships as set out in the Code, considered whether a Director had business relationships with the Group, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independence judgement.

Mr Chua Keng Hiang has served on the Board as Independent Director for more than nine years.

The NC has considered specifically his length of service and continued independence and determined that the Director concerned has demonstrated strong independence in character and judgement over the years in discharging his duties and responsibilities as Independent Director of the Company in upholding the interest of the non-controlling shareholders.

The Board is of the view that Mr Chua Keng Hiang brings invaluable expertise, experience and knowledge to the Board and resolved that Mr Chua Keng Hiang continue to be considered Independent Director, notwithstanding he has served on the Board for more than nine years from the date of his first appointment.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr Ang Boon Cheow Edward is the Executive Chairman and Chief Executive Officer ("CEO") of the Group. The Board believes that this arrangement is appropriate due to his instrumental role in developing and managing the Group's business, competitive and industry factors, and ownership structure. The roles of the Chairman and the CEO are assumed by the same person, Mr Ang Boon Cheow Edward. The Board feels that the separation of the said roles is not necessary as Mr Ang is able to perform his roles and responsibilities so as to ensure balance of power and authority such that no individual represents a concentration of power. The Chairman, with the assistance of the Company Secretary, schedules board meetings, determines meeting agendas in consultation with other Board members, co-ordinates the flow of information between Management and the Board and ensures compliance with the Code.

As recommended by the Code, the Board has appointed Independent Director, Mr Chua Keng Hiang, as the Lead Independent Director with effect from 25 March 2014. Shareholders of the Company with serious concerns that could have a material impact on the Group shall be able to contact Mr Chua Keng Hiang for which contact through the normal channels of the Chairman, CEO or Financial Controller have failed to resolve or is inappropriate.

PRINCIPLE 4: BOARD MEMBERSHIP

The Nominating Committee comprises:

Ms Tan Min-Li (Chairman)	Independent Director
Mr Chua Keng Hiang	Lead Independent Director
Mr Ang Boon Cheow Edward	Executive Chairman & Chief Executive Officer

The principal functions of the NC under its written terms of reference include:

- make recommendations to the Board on all Board appointments, including re-nominations, having regard to the Director's contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an Independent Director;
- review the Board's structure, size and composition, having regard to the principles of corporate governance and the Code;
- identify and nominate candidates for the approval of the Board to fill vacancies in the Board as and when they arise;
- review the Board succession plans for directors, in particular, the Chairman and the CEO;
- determine annually, and as and when required, whether or not a Director is independent, based on the Code's definition of what constitutes independence in a director;
- in respect of a Director who has multiple board representations on various companies, decide whether or not such Director is able to and has been adequately carrying out his/her duties as a Director;
- decide how the Board's performance may be evaluated and propose objective performance criteria as approved by the Board and address how the Board can enhance long term shareholders' value. Such relevant performance evaluation criteria may include the Company's share price performance and returns on assets/equity/investment;
- assess annually the effectiveness of the Board as a whole and the contribution of individual Directors to the effectiveness of the Board; and
- review and recommend to the Board, training and professional development programmes for the Directors.

The NC adopts the Code's definition of what constitutes an independent director in its review. The NC is of the view that the three Independent Directors (who represent more than one-half of the Board) are independent. No individual or small groups of individuals dominate the Board's decision making process.

The NC has reviewed each of the Directors' contributions at meetings of the Board and Board Committees, and their time commitment to the affairs of the Company and is of the view that the multiple board representations presently held by the Directors do not impede their performance in carrying out their duties to the Company. Therefore, it would not be necessary to put a maximum limit on the number of listed company board representations and other principal commitments of each Director. The NC will continue to review from time to time the board representations and other principal commitments of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

New directors are appointed by way of a Board resolution, after the NC approves their appointments. Such new directors must submit themselves for re-election at the next Annual General Meeting ("AGM") of the Company pursuant to Article 88 of the Articles. Article 89 of the Articles requires one third of the Board to retire by rotation at every AGM and be re-elected at least once every three years. The exception is in respect of the Executive Chairman and CEO who is not subject to retirement pursuant to Article 85 of the Articles.

When a vacancy on the Board arises, the NC will identify and consider each candidate for directorship based on the selection criteria determined after consultation with the Board and after taking into consideration the qualification and experience of such candidate, his/her ability to increase the effectiveness of the Board and to add value to the Group's business. The NC will then recommend the appropriate candidate to the Board for approval. For the financial year under review, no new director has been appointed to the Board.

Currently, there is no alternate director on the Board.

The year of initial appointment and the year of last re-election of the Directors are set out below:

Name of Director	Year of Initial Appointment	Year of Last Re-election
Ang Boon Cheow Edward	1995	2000
Ang Boon Chong	1995	2015
Chua Keng Hiang	2003	2014
Ng Ya Ken*	2003	2013
Tan Min-Li	2014	2015

* Re-designated from Non-Executive Director to Independent Director with effect from 13 August 2010

According to Article 89 of the Articles, Mr Chua Keng Hiang and Mr Ng Ya Ken will retire at the Company's forthcoming AGM and be eligible for re-election.

Key information regarding the Directors can be found on page 6-7 of the Annual Report. Shareholdings of Mr Ang Boon Cheow Edward and Mr Ang Boon Chong can be found on page 68 of the Annual Report. None of the Independent Directors hold shares in the Company.

PRINCIPLE 5: BOARD PERFORMANCE

The NC is responsible for recommending and implementing a process to assess the performance and effectiveness of the Board and the Board Committees as well as the contributions of each individual Director to the overall effectiveness of the Board. The NC uses a self-assessment process to assess the contribution by each Director to the effectiveness of the Board. The criteria for assessing directors include assessing each Director's contribution and commitment to the role taking into consideration, inter alia, attendance at meetings, the quality of contributions and functional expertise. The review of Board performance is undertaken collectively by the Board annually taking into account the performance criteria set out in the Code. In assessing the effectiveness of the Board as a whole, both quantitative and qualitative criterions are considered. The results of the assessments are analysed and discussed with a view to implementing any recommendation(s) to enhance the effectiveness of the Board.

For the financial year under review, no external facilitator has been engaged to perform the Board assessment process. The NC has assessed the current Board and Board Committees' performances to-date, as well as the performance of each individual Director, and is of the view that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

PRINCIPLE 6: ACCESS TO INFORMATION

Board members have unrestricted access to the Company's records and are given all information and documents in advance of each Board and Board Committee meeting. Any additional materials or information requested by the Directors to make informed decisions are promptly furnished by Management.

All the Directors have separate and independent access to the Company Secretary who attends all Board and Board Committee meetings. The Company Secretary is responsible for ensuring that Board procedures are followed and that the relevant rules and regulations, including requirements of the Companies Act, Securities and Futures Act and the Listing Manual are complied with. The Company Secretary also assists the Chairman in ensuring good information flows within the Board and its Board Committees and between the Management and Non-Executive Directors. The appointment and removal of the Company Secretary are subject to the approval of the Board.

Subject to the approval of the Chairman, Management can assist the Directors, either individually or as a group, to obtain independent professional advice to assist them in furtherance of their duties, at the expense of the Company.

(B) REMUNERATION MATTERS

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The Remuneration Committee comprises:

Mr Ng Ya Ken (Chairman)	Independent Director
Mr Chua Keng Hiang	Lead Independent Director
Ms Tan Min-Li	Independent Director

The principal functions of the RC under its written terms of reference include:

- recommend to the Board a framework of remuneration for the Directors and Key Management personnel, and to determine specific remuneration packages for each Executive Director and the CEO, such recommendations to be made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board and would cover all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, share options, and benefits-in-kind. The Group's remuneration policy is to provide compensation packages at market rates which reward successful performance and attract, retain and motivate the Directors and Key Management personnel to run the Group successfully;

- in the case of service contracts, consider what compensation commitments the Directors' contracts of service, if any, would arise in the event of early termination with a view to be fair and avoid rewarding poor performance;

- in respect of long-term incentive schemes (if any) including share schemes as may be implemented, consider whether Directors should be eligible for benefits under such long-term incentive schemes; and

- set the remuneration packages of Executive Directors not under service contracts, taking into account the pay and employment conditions within the industry, the performance of the Group and that of the individual Executive Director.

No Director is involved in deciding his own remuneration, compensation or any form of benefits to be granted to him.

If necessary, the RC would seek professional advice internally and/or externally pertaining to the remuneration of all Directors.

Corporate Governance

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

In setting the remuneration packages, the RC considers that the level of remuneration should be appropriate to attract, retain and motivate the Directors and Key Management personnel to run the Company successfully.

The remuneration packages of Executive Directors and Key Management personnel comprise a basic salary component and a variable component which is the annual bonus based on the performance of the Group as a whole and their individual performance. This is designed to align the remuneration of Executive Directors and Key Management personnel with the interests of shareholders and link rewards to corporate and individual performance. Executive Directors are not paid directors' fees.

For those Executive Directors under service contracts, there is a fixed appointment period. A portion of the remuneration packages of the Executive Directors is performance-related. The service contracts do not have excessively long or onerous removal from office clauses.

Non-Executive Directors are paid basic fees which are subject to shareholders' approval on a lump sum basis at the AGM of the Company, taking into account factors such as responsibilities, effort and time spent for serving the Board and Board Committees.

The Company does not have any share-based compensation schemes or any long-term scheme involving the offer of shares in place to encourage the Independent Directors to hold shares in the Company.

The RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of the Executive Directors' remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The Group's remuneration policy is to provide compensation packages at market rates which reward successful performance and attract, retain and motivate the Directors and Key Management personnel to run the Group successfully.

The breakdown of remuneration of Directors of the Company and Key Management personnel of the Group for the financial year under review are as follows:

Directors	Salary %	Bonus %	Incentive Bonus %	Fees %	Benefits %	Total %
(a) Between S$500,001 and S$750,000						
Ang Boon Cheow Edward	78	18	–	_	4	100
(b) Below S$250,000						
Ang Boon Chong	–	–	–	100	–	100
Chua Keng Hiang	_	_	_	100	_	100
Ng Ya Ken	_	_	_	100	_	100
Tan Min-Li	_	_	_	100	_	100

Key Management	Salary %	Bonus %	Incentive Bonus %	Fees %	Benefits %	Total %
Below S$250,000						
Chia Yau Leong	86	14	–	_	–	100

The Board is of the view that it would not be in the best interest of the Group to disclose the specific remuneration of each individual Director and Key Management personnel (who are not directors of the Company) for competitive reasons. The Board believes that the above disclosure of the remuneration in bands of S$250,000 provides sufficient overview and is of the opinion that such disclosure would be adequate for purposes of compliance with the Code.

The employees related to directors or the CEO and whose remuneration exceed S$50,000 for the financial year under review are as follows:

	Salary %	Bonus %	Benefits %	Total %
Between S$100,001 and S$150,000				
Hoon Pang Heng Joanna Spouse of Ang Boon Cheow Edward	84	7	9	100

The Company previously had a share option scheme known as the "Ocean Sky Share Option Scheme" which had lapsed. There were no share options granted by the Company for the financial year under review. The Company has no outstanding share options of unissued reserved shares as at the end of financial year.

(C) ACCOUNTABILITY AND AUDIT

PRINCIPLE 10: ACCOUNTABILITY

The Board is accountable to the shareholders and is responsible for providing shareholders a balanced and understandable assessment of the Group's performance, position and prospects. The Group makes announcement of its financial results on a quarterly and full year basis and other price-sensitive Information via SGXNET on a timely manner. Management is accountable to the Board and provides members of the Board with management accounts which present a balanced and understandable assessment of the Group's performance, position and prospects on a quarterly and full year basis.

The Board reviews legislative and regulatory compliance reports from the Management to ensure that the Group complies with the relevant requirements.

In line with the Listing Manual, the Board provides a negative assurance statement in its quarterly financial results announcement, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Group does not have a Risk Management Committee. However, the Management regularly reviews the Company's business, operations and activities to identify possible areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Board and the AC.

The Board acknowledges that it is responsible for ensuring that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets. The AC, together with the Board, reviews the effectiveness of the Group's system of internal controls put in place to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained and financial information are reliable.

The Group does not utilise sophisticated and complex computer systems in its operations and considers its exposure to information technology risks to be low.

The Board is of the opinion that the system of internal controls maintained by the Management and that was in place throughout the financial year was adequate and provides reasonable, but not absolute, assurance against material financial misstatements of loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk.

Corporate Governance

The Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board has ultimate responsibility for approving the internal processes of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of operational, financial and compliance risks.

For the financial year under review, the Board has received assurance from the CEO and Financial Controller that:

- the Group's risk management and internal controls system in place is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks; and

- the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

Based on the framework of risk management controls and internal controls established and maintained by the Group, work performed by the external auditors and reviews performed by the Management, the Board, with the concurrence of the AC, is of the opinion that the Group's system of internal controls, which addresses the financial, operational, compliance and information technology risks, and risk management system in place were adequate and effective as at 31 December 2015.

PRINCIPLE 12: AUDIT COMMITTEE

The Audit Committee comprises:

Mr Chua Keng Hiang (Chairman)	Lead Independent Director
Mr Ng Ya Ken	Independent Director
Ms Tan Min-Li	Independent Director

The Board ensures that the members of the AC are qualified to discharge their responsibilities. The members of the AC, collectively, bring with them many years of accounting and related financial management, legal, economics and marketing expertise and experience.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The duties of the AC include:

- review with the external auditors the audit plan of their evaluation of the system of internal controls, their audit report and the assistance given by the Company's officers to the external auditors;
- review of the scope and results of the external audit and cost effectiveness and the independence and objectivity of external auditors;
- meet with the external auditors without the presence of Management;
- review of the financial statements of the Company and consolidated financial statements of the Group before their submission to the Board;
- review of the nature and extent of non-audit services provided by external auditors to the Company, seeking to balance the maintenance of objectivity and value for money;
- make recommendations on the appointment, re-appointment and removal of external auditors;
- review of the scope and results of internal audit procedures;
- review of the adequacy and effectiveness of the internal audit function; and
- review of the transactions falling within the scope of Chapter 9 of the Listing Manual.

The AC assists the Board with regard to discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records, and develop and maintain effective system of internal controls with an overall objective of ensuring that the Management has created and maintained an effective control environment in the Group, and that the Management demonstrates and stipulates the necessary aspects of the Group's internal control structure among all parties.

Corporate Governance

The AC held four meetings during the financial year under review.

The AC meets regularly with the Management and the external auditors to review auditing and risk management matters and discuss accounting implications of any major transactions including significant financial reporting issues.

The AC is kept abreast by the Management and the external auditors of changes to accounting standards, Listing Manual and other regulations which could have an impact on the Group's business and financial statements.

On a quarterly basis, the AC also reviews the interested person transactions and the financial results announcements before their submission to the Board for approval.

The AC meets with the external auditors at least once a year without the presence of the Management to review any matters that might be raised.

The AC recommends to the Board the appointment, re-appointment and removal of external auditors, and the remuneration and terms of engagement of the external auditors. The re-appointment of the external auditors is always subject to shareholders' approval at the AGM of the Company.

The AC undertook the review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees awarded to them. The AC is satisfied with their independence and hence has recommended to the Board the re-appointment of BDO LLP as the Company's external auditors at the forthcoming AGM. BDO LLP, which is registered with the Accounting and Corporate Regulatory Authority, is the external auditor of the Company. In this respect, the Company complies with Rule 712 of the Listing Manual.

Other BDO Member Firms are auditors of all its significant subsidiaries and associated company. The Company is therefore in compliance with Rule 715 read with 716 of the Listing Manual.

The aggregate amount of fees paid/payable to the auditors of the Company for audit services amount to US$47,000 in respect of the audit for financial year ended 31 December 2015 and US$2,000 for non-audit services relating to tax advisory. The AC has undertaken a review of all non-audit services provided by the auditors and the AC is satisfied that the provision of such services does not affect the independence of the auditors.

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the AC.

The Company adopted a whistle-blowing framework whereby staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The framework includes arrangements for independent investigation and appropriate follow-up of such matters. No whistle-blowing report was received during the financial year under review.

PRINCIPLE 13: INTERNAL AUDIT

The AC evaluates the need for an internal audit function so as to align it to the changing needs and risk profile of the Group's activities. On the recommendation of the AC, the Board has, from time to time, engaged external independent auditors to undertake an internal audit. If an internal audit is deemed necessary, the AC will set the internal audit scope, approve the internal audit plans, review the internal audit reports and assess the effectiveness of the internal auditor, such as its scope of work and the quality of its audit reports. Any material weaknesses and risks identified in the course of the audit will be communicated to the Management. Management will provide updates to the AC on the status of the remedial action plans.

Following the divestment of apparel business operations, no internal audit has been performed. The AC enquired and relied on reports from Management and external auditors on any material non-compliance and internal control weakness. The AC has reviewed with the external auditors their findings of the existence and adequacy of material internal control procedures as part of their audit for the financial year under review. The AC is of the view that in the light of the present business operations of the Group, the internal controls put in place by Management are adequate to address the key risks identified.

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

PRINCIPLES 14: SHAREHOLDER RIGHTS

The Company welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad-hoc basis. Shareholders are informed of shareholders' meetings through notices published in the Annual Report sent to all shareholders and the SGXNET, and advertised in a major local newspaper. Resolutions tabled at general meetings are passed through a process of voting by poll whereby procedures are clearly explained by the scrutineers at such general meetings.

The Articles provide for a shareholder to appoint one or two proxies to attend and vote in his stead at all general meetings. On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "relevant intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licences in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

There is no provision in the Articles to allow for other absentia voting methods such as by mail, email and fax until security, integrity, legitimacy and other related issues are satisfactorily resolved.

PRINCIPLES 15: COMMUNICATIONS WITH SHAREHOLDERS

The Board subscribes to the Code's principle that the Company should engage in regular, effective and fair communication with shareholders and the investing public. To this end, it is the Company's policy that all material information will be disseminated on a timely basis through the SGXNET and not released to any selected group of persons. The Company also strives to promptly respond to enquiries from shareholders, investors, analysts, fund managers and the press. The Company has a team of investor relations personnel who focus on facilitating the communications with all stakeholders on a regular basis and to attend to their queries or concern.

Annual or extraordinary general meetings have been and are still the principal forum for dialogue with shareholders. At these meetings, shareholders are able to engage the Board and Management on the Group's business activities, financial performance and other business-related matters.

The Group does not have a fixed dividend policy at present. The form, frequency and the amount of dividends declared each year will take into consideration the Group's profit, cash position, and other factors as the Board may deem appropriate.

PRINCIPLES 16: CONDUCT OF SHAREHOLDER MEETINGS

All shareholders receive reports or circulars of the Company including notice of general meeting by post within the mandatory period. Notice of general meeting is announced through SGXNET and published in a major local newspaper within the same period.

All registered shareholders are invited to participate and given the right to vote on resolutions at general meetings. Every matter requiring shareholder's approval is proposed as a separate resolution. Each item of special business included in the notice of meeting is accompanied by an explanation for the resolution to be passed. Proxy form is sent with notice of general meeting to all shareholders. A shareholder may appoint one or two proxies to attend and vote in his stead at all general meetings. For the time being, the Company has decided not to allow for absentia voting methods such as by mail, email and fax at the general meetings due to concern over the authentication of shareholders' identity.

All the Directors, Management, Company Secretary and external auditors are normally present at the general meetings to address any questions. General meetings provide shareholders the opportunity to ask questions relating to each resolution tabled for approval and open communication are encouraged by the shareholders with the Directors on their view on matters relating to the Company. All resolutions at general meetings are put to vote by poll and the results showing the number of votes cast for and against each resolution and the respective percentage are announced to the audience at the general meetings. The polling results are also announced after the meeting via SGXNET.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments and queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. These minutes are available to shareholders upon request.

Corporate Governance

DEALINGS IN SECURITIES

The Company has issued guidelines to directors and employees prohibiting dealings in securities while in possession of unpublished price-sensitive information. They are also prohibited from dealing in securities of the Company during the period of two weeks before the announcement of the Group's quarterly results and one month before the announcement of the Group's financial year-end results. In addition, they are also prohibited from dealing in the Company's securities on short-term considerations.

The Group has adopted the best practices on dealings in securities according to Rule 1207(19) of the Listing Manual.

INTERESTED PERSON TRANSACTIONS

The Group has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

The Board and the AC will review all interested person transactions to be entered to ensure that the relevant rules under Chapter 9 of the Listing Manual are complied with. When a potential conflict of interest arises, the Director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

There was no interested person transaction for the financial year under review.

MATERIAL CONTRACTS

Save for the service agreement of Executive Director, Mr Ang Boon Cheow Edward, there were no material contracts entered into by the Company and its subsidiaries involving the interest of the Chairman, each Director or controlling shareholder, which were either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

USE OF PROCEEDS

On 29 March 2012, the Company issued 23,630,000 shares by way of a private placement and the net proceeds amounted to approximately US$2,468,000. The following table shows an update on the use of proceeds as at the date of this report:

Use of Proceeds	**Amount Used in FY2015 US$'000**	**Amount Used To-Date US$'000**
Professional fees pertaining to corporate exercises:		
1) Transactions in relation to proposed acquisition of ChiwayLand Group (Singapore) Pte Ltd as announced on 2 April 2012	–	71
2) Transactions in relation to acquisition of Ang Tong Seng Brothers Enterprises Pte Ltd as announced on 29 October 2012	–	169
3) Transactions in relation to disposal of Ocean Sky Global (S) Pte Ltd as announced on 6 January 2013	–	1,446
4) Transactions in relation to proposed acquisition of Ezion Offshore Logistics Hub (Tiwi) Pty Ltd as announced on 30 September 2013	–	209
5) Transactions in relation to proposed acquisition of Link (THM) Holdings Pte Ltd as announced on 25 March 2015	213	213
Total	213	2,108

Financial Contents

Directors' Statement

The Directors of Ocean Sky International Limited (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2015 and the statement of financial position of the Company as at 31 December 2015.

1. Opinion of the Directors

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015, and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The Directors of the Company in office at the date of this statement are as follows:

Ang Boon Cheow Edward
Ang Boon Chong
Chua Keng Hiang
Ng Ya Ken
Tan Min-Li

3. Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

4. Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act") except as follows:

	Shareholdings in which Director is deemed to have an interest	
	At beginning of year or date of appointment, if later	At end of year
The Company		
Ocean Sky International Limited (No. of ordinary shares)		
Ang Boon Cheow Edward	139,814,634	139,814,634
Ang Boon Chong	108,638,089	108,638,089

By virtue of Section 7 of the Act, Mr Ang Boon Cheow Edward and Mr Ang Boon Chong are deemed to have an interest in all related corporations of the Company. In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of the Directors' Shareholdings, the Directors' interests as at 21 January 2016 in the shares or debentures of the Company have not changed from those disclosed as at 31 December 2015.

Directors' Statement

5. Share options

There were no share options granted by the Company or its subsidiary corporations during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option as at the end of the financial year.

6. Audit committee

The audit committee of the Company is chaired by Chua Keng Hiang, an independent Director, and includes Ng Ya Ken and Tan Min-Li, who are both independent Directors. The audit committee has met four times since the last Annual General Meeting ("AGM") and has carried out its functions in accordance with section 201B(5), including reviewing the following, where relevant, with the Executive Directors and external and internal auditors of the Company:

(a) the audit plans of the internal and external auditors and the results of the auditors' examination and evaluation of the Group's systems of internal accounting controls;

(b) the Company's and the Group's financial and operating results and accounting policies;

(c) the statement of financial position of the Company and the consolidated financial statements of the Group and external auditor's report on those financial statements before their submission to the Directors of the Company;

(d) the quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

(e) the co-operation and assistance given by the management to the Company's internal and external auditor; and

(f) the re-appointment of the external auditor of the Company.

The audit committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the audit committee.

The audit committee has recommended to the Directors the nomination of BDO LLP for re-appointment as external auditor of the Company at the forthcoming AGM of the Company.

7. Independent auditor

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Ang Boon Cheow Edward
Director

Ang Boon Chong
Director

Singapore

1 April 2016

Independent Auditor's Report

TO THE MEMBERS OF OCEAN SKY INTERNATIONAL LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Ocean Sky International Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Independent Auditor's Report

TO THE MEMBERS OF OCEAN SKY INTERNATIONAL LIMITED

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore

1 April 2016

Statements of Financial Position

AS AT 31 DECEMBER 2015

	Note	Group 2015 US$'000	Group 2014 US$'000	Company 2015 US$'000	Company 2014 US$'000
Non-current assets					
Property, plant and equipment	4	**232**	290	**232**	290
Investment property	5	**10,144**	10,484	**–**	–
Intangible assets	6	**1**	1	**1**	1
Subsidiaries	7	**–**	–	**7,017**	7,076
Investment in associate	8	**3,859**	3,172	**2,502**	2,502
		14,236	13,947	**9,752**	9,869
Current assets					
Trade and other receivables	9	**46**	96	**39**	937
Fixed deposits	10	**10,000**	10,000	**10,000**	10,000
Cash and bank balances	10	**9,003**	13,317	**8,484**	11,736
		19,049	23,413	**18,523**	22,673
Current liabilities					
Trade and other payables	11	**2,399**	2,059	**2,513**	2,382
Provision for warranty claims	12	**–**	2,700	**–**	2,700
Finance lease payable	13	**36**	28	**36**	28
Income tax payable		**290**	665	**–**	–
		2,725	5,452	**2,549**	5,110
Net current assets		**16,324**	17,961	**15,974**	17,563
Non-current liabilities					
Finance lease payable	13	**72**	67	**72**	67
Net assets		**30,488**	31,841	**25,654**	27,365
Equity					
Share capital	14	**29,344**	29,344	**29,344**	29,344
Reserves	15	**5,098**	4,683	**–**	–
Accumulated losses	15	**(3,954)**	(2,186)	**(3,690)**	(1,979)
Equity attributable to owners of the parent		**30,488**	31,841	**25,654**	27,365

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 US$'000	2014 US$'000
Revenue	16	**720**	720
Other income	17	**34**	2,746
Administrative and other operating expenses		**(2,916)**	(1,301)
Finance costs	18	**(3)**	(3)
Share of results of associate, net of tax	8	**687**	622
(Loss)/Profit before income tax from continuing operations	19	**(1,478)**	2,784
Income tax expense	21	**(290)**	(621)
(Loss)/Profit for the financial year from continuing operations		**(1,768)**	2,163
Loss for the financial year from discontinued operations	22	**–**	(2,624)
Loss for the financial year attributable to owners of the parent		**(1,768)**	(461)
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences on translating foreign operations		**(131)**	(82)
Reclassification to profit or loss from foreign currency translation reserve:			
– Liquidation of foreign subsidiary	7	**546**	–
Other comprehensive income for the financial year, net of tax		**415**	(82)
Total comprehensive income for the financial year attributable to owners of the parent		**(1,353)**	(543)
(Loss)/Earnings per share from continuing operations attributable to owners of the parent (US cents)	23		
– Basic		**(0.39)**	0.48
– Diluted		**(0.39)**	0.48
Loss per share from discontinued operations attributable to owners of the parent (US cents)	23		
– Basic		**–**	(0.58)
– Diluted		**–**	(0.58)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Share capital US$'000	Foreign currency translation reserve US$'000	Revaluation reserve US$'000	(Accumulated losses)/ Retained earnings US$'000	Equity attributable to owners of the parent US$'000
Balance at 1 January 2015	**29,344**	**(606)**	**5,289**	**(2,186)**	**31,841**
Loss for the financial year	**–**	**–**	**–**	**(1,768)**	**(1,768)**
Other comprehensive income for the financial year					
Reclassification to profit or loss:					
– Loss on liquidation of foreign subsidiary	**–**	**546**	**–**	**–**	**546**
Exchange differences on translating foreign operations	**–**	**(131)**	**–**	**–**	**(131)**
Total other comprehensive income for the financial year	**–**	**415**	**–**	**–**	**415**
Total comprehensive income for the financial year	**–**	**415**	**–**	**(1,768)**	**(1,353)**
Balance at 31 December 2015	**29,344**	**(191)**	**5,289**	**(3,954)**	**30,488**
Balance at 1 January 2014	29,344	(524)	5,289	8,984	43,093
Loss for the financial year	–	–	–	(461)	(461)
Other comprehensive income for the financial year					
Exchange differences on translating foreign operations	–	(82)	–	–	(82)
Total other comprehensive income for the financial year	–	(82)	–	–	(82)
Total comprehensive income for the financial year	–	(82)	–	(461)	(543)
Distribution to owners of the parent					
Dividends (Note 24)	–	–	–	(10,709)	(10,709)
Total transactions with owners of the parent	–	–	–	(10,709)	(10,709)
Balance at 31 December 2014	29,344	(606)	5,289	(2,186)	31,841

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	2015 US$'000	2014 US$'000
Operating activities		
(Loss)/Profit before income tax from continuing operations	**(1,478)**	2,784
Loss before income tax from discontinued operations (Note 22)	**–**	(2,761)
(Loss)/Profit before income tax	**(1,478)**	23
Adjustments for:		
Allowance for doubtful trade receivables	**–**	68
Amortisation of computer software	**–**	1
Depreciation of property, plant and equipment	**105**	104
Fair value loss/(gain) on investment property	**340**	(2,686)
Loss on disposal of property, plant and equipment	**7**	–
Interest expense	**3**	3
Interest income	**(25)**	(27)
Provision for penalties and interest	**278**	–
Provision for warranty claims	**–**	2,700
Unrealised foreign exchange gain	**(101)**	(89)
Settlement of provision for warranty claims (Note 12)	**(2,700)**	–
Reclassification of loss from foreign currency translation reserve on liquidation of a foreign subsidiary (Note 7)	**546**	–
Share of results of associate	**(687)**	(622)
Operating cash flows before working capital changes	**(3,712)**	(525)
Working capital changes:		
Trade and other receivables	**189**	917
Trade and other payables	**58**	(2,423)
Net cash used in operations	**(3,465)**	(2,031)
Interest paid	**(3)**	(3)
Income taxes paid	**(665)**	(2,000)
Net cash used in operating activities	**(4,133)**	(4,034)
Investing activities		
Purchase of property, plant and equipment	**(48)**	–
Proceeds from disposals of property, plant and equipment	**42**	–
Net cash used in investing activities	**(6)**	–
Financing activities		
Repayment of finance lease obligations	**(31)**	(31)
Interest received	**25**	27
Dividend paid	**–**	(10,709)
Net cash used in financing activities	**(6)**	(10,713)
Net change in cash and cash equivalents	**(4,145)**	(14,747)
Cash and cash equivalents at beginning of financial year	**23,317**	38,138
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	**(169)**	(74)
Cash and cash equivalents at end of financial year	**19,003**	23,317

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of, and should be read in conjunction with, the financial statements.

1. General corporate information

Ocean Sky International Limited (the "Company") is a public limited company incorporated and domiciled in Singapore with its registered office and principal place of business at 300 Tampines Avenue 5, #09-05 NTUC Income Tampines Junction, Singapore 529653. The Company is listed on the mainboard of the Singapore Exchange Securities Trading Limited. The Company's registration number is 198803225E.

The principal activity of the Company is that of an investment holding company. The principal activity of the subsidiaries is disclosed in Note 7 to the financial statements.

The financial statements for the financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Directors on 1 April 2016.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in United States dollar, which is the functional currency of the Company and the presentation currency for the consolidated financial statements. The financial statements are expressed in United States dollar ("US$") and rounded to the nearest thousand ("US$'000"), unless otherwise stated.

Although the Group had incurred losses of US$1,768,000 and net cash outflows of US$4,145,000 for the financial year ended 31 December 2015, the management is of the opinion that the use of going concern basis to prepare the Group's financial statements is appropriate. In assessing whether the Group can meet its debt obligations for the ensuing twelve months, the management had prepared cash flow forecast which was derived from the financial budget for the financial year ending 31 December 2016 where it indicates that the Group is able to pay its debts as and when they fall due.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

In the current financial year, the Group and the Company adopted all the new or revised FRS that are relevant to their operations and effective for the current financial year. The adoption of the new or revised FRS did not result in any changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current and prior financial years.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS, INT FRS and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

		Effective date (annual periods beginning on or after)
FRS 1	: Amendments to FRS 1 – Disclosure Initiative	1 January 2016
FRS 7	: Amendments to FRS 7 – Disclosure Initiative	1 January 2017
FRS 12	: Amendments to FRS 12 – Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 16 and FRS 38	: Amendments to FRS 16 and FRS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
FRS 27	: Amendments to FRS 27 – Equity Method in Separate Financial Statements	1 January 2016
FRS 109	: Financial Instruments	1 January 2018
FRS 110 and FRS 28	: Amendments to FRS 110 and FRS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
FRS 110, FRS 112 and FRS 28	: Amendments to FRS 110, FRS 112 and FRS 28 – Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 111	: Amendments to FRS 111 – Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
FRS 115	: Revenue from Contracts with Customers	1 January 2018
Improvements to FRSs 2014 (November 2014)		1 January 2016

Consequential amendments were also made to various standards as a result of these new or revised standards.

The management anticipates that, based on the Group's and the Company's current operations, the adoption of the above FRS in future periods, will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption except as discussed below.

FRS 109 *Financial Instruments*

FRS 109 supersedes FRS 39 Financial Instruments: Recognition and Measurement with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group will have a choice to recognise the gains and losses in other comprehensive income. A third measurement category has been added for debt instruments – fair value through other comprehensive income. This measurement category applies to debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS issued but not yet effective (Continued)

FRS 109 *Financial Instruments* (Continued)

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities.

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost or fair value through other comprehensive income, the Group will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.

FRS 109 also introduces a new hedge accounting model designed to allow entities to better reflect their risk management activities in their financial statements.

The Group plans to adopt FRS 109 in the financial year beginning on 1 January 2018 with retrospective effect in accordance with the transitional provisions. There may be a potentially significant impact on the accounting for financial instruments on initial adoption. The Group has not yet made a detailed assessment of the impact of this standard, however the Group may be required to reassess the classification and measurement of financial assets, and the new impairment requirements are expected to result in changes for impairment provisions on trade receivables and other financial assets not measured at fair value through profit or loss.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is obtained by the Group up to the effective date on which control is lost, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indicator of the asset concerned.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

When the Group loses control of a subsidiary it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

2.3 Business combinations

Business combinations from 1 January 2010

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration also includes the fair value of any contingent consideration. Contingent consideration classified as a financial liability is remeasured subsequently to fair value through profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Business combinations before 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations were accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

Business combinations before 1 January 2010 (Continued)

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests were treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that would otherwise have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

2.4 Financial instruments

Financial assets and financial liabilities are recognised on the statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Financial assets

All financial assets are recognised on a trade date where the purchase of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose of these financial assets and is determined at the time of initial recognition.

Loans and receivables

Trade and other receivables, excluding prepayments, and cash and cash equivalents that have fixed or determinable payments that are not quoted in an active market are classified as “loans and receivables”. Loans and receivables are measured at amortised cost, where applicable, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

2. Summary of significant accounting policies (Continued)

2.4 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment losses directly with the exception of trade receivables where the carrying amounts are reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group classifies ordinary shares as equity instruments.

Financial liabilities

Financial liabilities are classified as other financial liabilities.

2. Summary of significant accounting policies (Continued)

2.4 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to the property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as expense during the financial year in which it is incurred.

Depreciation for property, plant and equipment is provided on straight-line basis so as to write off their depreciable amounts over their estimated useful lives as follows:

Motor vehicles	–	5 years
Furniture, fittings and other equipment	–	3 to 5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual value and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

2. Summary of significant accounting policies (Continued)

2.6 Property, plant and equipment (Continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

2.7 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Investment property is subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvement are charged to profit or loss when incurred.

On disposal or retirement of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property that will be carried at fair value, any difference between the carrying amount and fair value as at the date of change in use is accounted for in the same way as revaluation in accordance with FRS 16 Property, Plant and Equipment whereby any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

2.8 Intangible assets

<u>Computer software</u>

Acquired computer software are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is added to the original cost of the software. Costs associated with maintaining computer software are recognised as expense as incurred.

Computer software is subsequently carried at cost less accumulated amortisation and any accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful life of three years.

2. Summary of significant accounting policies (Continued)

2.9 Associates

An associate is an entity over which the Group has significant influence, but that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investment in associate is carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment loss of individual investments. Any premium paid for an associate above the fair value at the Group's share of identifiable net assets is included in the carrying amount of the associate.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. This applies to unrealised losses which are also eliminated but only to the extent that there is no impairment.

Investment in associate in the Company's statement of financial position is carried at cost less any impairment loss that has been recognised in profit or loss.

2.10 Impairment of non-financial assets

At the end of each financial year, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. Summary of significant accounting policies (Continued)

2.11 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.12 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

2.13 Leases

The Group and the Company as lessees

Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statements of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to the acquisition, construction or production of qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs.

2. Summary of significant accounting policies (Continued)

2.13 Leases (Continued)

The Group and the Company as lessees (Continued)

Operating leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Group as a lessor

Operating leases

Rental income from operating leases (net of any incentives given to lessees) is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which user benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.14 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, other similar allowances and sales related taxes.

Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the relevant lease.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2. Summary of significant accounting policies (Continued)

2.15 Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the financial year.

2.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

2.18 Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit reported as profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from the tax authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Current income taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

2. Summary of significant accounting policies (Continued)

2.18 Taxes (Continued)

Deferred tax (Continued)

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination, is taken into account in calculating goodwill on acquisition.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchase of assets or services is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.19 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

2. Summary of significant accounting policies (Continued)

2.19 Foreign currency transactions and translation (Continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollar using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognised initially in other comprehensive income and accumulated in the Group's foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

On disposal of a foreign operation, the accumulated foreign currency translation reserve relating to that operation is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.20 Non-current assets (or disposal groups) classified as held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of the asset's previous carrying amount and fair value less costs to sell. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held-for-sale, and

(a) represents a separate major line of business or geographical area of operations;

(b) is part of a single co-ordinated plan to dispose of a separate major line or geographical area of operations; or

(c) is a subsidiary acquired exclusively with a view to resale.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer who make strategic decisions.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2 to the financial statements, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying the entity's accounting policies

Management is of the opinion that there are no critical judgements (other than those involving estimates) that has a significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value of investment property

The Group's investment property is stated at fair value as determined by independent valuers. These estimated market values may differ from the prices at which the Group's asset could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates require an assessment of factors not within management's control, such as overall market conditions. As a result, actual results of operations and realisation of net assets in the future could differ from the estimates set forth in these financial statements. The carrying amount of the Group's investment property is disclosed in Note 5 to the financial statements.

Provision for warranty claims

In the previous financial year, the Company recognised a provision for warranty claims for settlement of claims on warranties and tax liabilities in relation to the disposed apparel operations. Such warranties and tax indemnities for tax liabilities pertaining to the financial years prior to the completion of the disposal were granted by the Company pursuant to the terms of the sale and purchase agreement. Further claims on warranties and tax indemnities in the future could impact the Group's and the Company's financial results and financial position. Significant judgement is required in determining if the Company has to provide for additional warranty claims. In making this judgement, the Company relies on past experience and the work of its tax advisors. No provision for warranty claims was made for the year ended 31 December 2015.

Impairment of investments in subsidiaries and associate

The Company assesses annually whether its investment in subsidiaries and associate exhibits any indication of impairment. Where such indications exist, the recoverable amounts of the investments will be determined based on estimated fair value of net assets less costs to sell. The carrying amount of the investment in subsidiaries and associate are disclosed in Note 7 and 8 to the financial statements respectively.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

Income taxes

The Group has exposure to income taxes in several jurisdictions of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made. The carrying amounts of the Group's and Company's income tax payable as at 31 December 2015 were US$290,000 (2014: US$665,000) and US$Nil (2014: US$Nil) respectively, which includes a provision made in relation to a tax reassessment as disclosed in Note 31 to the financial statements.

4. Property, plant and equipment

Group and Company	Motor vehicles US$'000	Furniture, fittings and other equipment US$'000	Total US$'000
Cost			
At 1 January 2015	**306**	**146**	**452**
Additions	**96**	**–**	**96**
Disposals	**(89)**	**–**	**(89)**
At 31 December 2015	**313**	**146**	**459**
Accumulated depreciation			
At 1 January 2015	**102**	**60**	**162**
Depreciation	**62**	**43**	**105**
Disposals	**(40)**	**–**	**(40)**
At 31 December 2015	**124**	**103**	**227**
Carrying amount			
At 31 December 2015	**189**	**43**	**232**
Cost			
At 1 January 2014 and 31 December 2014	306	146	452
Accumulated depreciation			
At 1 January 2014	41	17	58
Depreciation	61	43	104
At 31 December 2014	102	60	162
Carrying amount			
At 31 December 2014	204	86	290

As at 31 December 2015, the Group and the Company had motor vehicles with carrying amount of US$189,000 (2014: US$141,000) purchased under finance lease arrangements.

In the current financial year, the Group and Company acquired a motor vehicle amounting to US$96,000 (2014: US$Nil) of which cash payment of US$48,000 (2014: US$Nil) was made to purchase the motor vehicle and the remaining was purchased by means of a finance lease.

5. Investment property

	Group	
	2015 US$'000	2014 US$'000
At fair value		
At 1 January	**10,484**	7,798
Fair value (loss)/gain	**(340)**	2,686
At 31 December	**10,144**	10,484

As at 31 December 2015, the fair value of the freehold land amounted to approximately US$10,144,000 (2014: US$10,484,000), with a fair value loss of US$340,000 (2014: fair value gain of US$2,686,000) recognised in "Administrative and other operating expenses" (Note 19) (2014: "Other income" (Note 17)). The freehold land was revalued by an independent professional valuer who holds a recognised and relevant professional qualification, with recent experience in the location and category of the property held by the Group. The valuation was arrived at using the sales comparison approach whereby sales prices of comparable properties in similar locations were adjusted for differences in key attributes such as property size. The most significant input into the valuation model was the price per square metre of the properties. The valuation was based on the property's highest and best use, which was in line with its actual use. The resulting fair value of the investment property is considered level 2 recurring fair value measurement.

The Directors have exercised their judgement in relying on the valuation reports and are satisfied that the fair values are reflective of current market situations.

The following amounts are recognised in profit or loss:

	Group	
	2015 US$'000	2014 US$'000
Rental income from investment property	**720**	720
Property tax	**(108)**	(9)

Details of the Group's investment property as at 31 December 2015 are set out below:

Description	Location	Existing use
Freehold land	122,097 square metres, located in Trapeing Thleung Village, Sangkat Cham Chao, Khan Dangkor, Phnom Penh, Kingdom of Cambodia.	Rental of land to the lessee for a lease period of 20 years, with an option to renew for a first term of 10 years and a further second term of 15 years commencing from 4 January 2013.

6. Intangible assets

Computer software

	Group and Company 2015 US$'000	Group and Company 2014 US$'000
Cost		
At 1 January and 31 December	**2**	2
Accumulated amortisation		
At 1 January	**1**	–
Amortisation	**–***	1
At 31 December	**1**	1
Carrying amount		
At 31 December	**1**	1

Amortisation expense has been included in "Administrative and other operating expenses".

* Amount less than US$1,000.

7. Subsidiaries

	Company 2015 US$'000	Company 2014 US$'000
Unquoted equity investments, at cost	**4,799**	10,190
Allowance for impairment losses	**(2,998)**	(8,330)
Carrying amount of investments	**1,801**	1,860
Due from subsidiaries – non-trade	**5,216**	5,216
	7,017	7,076

Movements in allowance for impairment losses:

	Company 2015 US$'000	Company 2014 US$'000
At 1 January	**8,330**	8,310
Impairment loss during the financial year	**–**	20
Derecognised on liquidation of a subsidiary	**(5,332)**	–
At 31 December	**2,998**	8,330

In the previous financial year, the Company recognised an impairment loss of US$20,000 subsequent to the assessment performed by the management on the net recoverable amount of the subsidiaries which had ceased operations. The assessment was made with reference to their respective estimated fair value of net assets less costs to sell as at the end of the financial year. Management assessed that the net asset values of the subsidiaries approximated their fair values in view that these mainly comprise short-term financial instruments.

7. Subsidiaries (Continued)

Liquidation of a subsidiary

On 30 September 2015, the Company's wholly-owned subsidiary incorporated in the People's Republic of China, Ocean Star Apparel (Guangzhou) Pte Ltd, was wound up by way of member's voluntary liquidation, resulting in the derecognition of the cost of investment (and relating impairment in previous years) on the liquidation of the subsidiary. Accordingly, all of the accumulated exchange difference in the foreign currency translation reserve in respect of the subsidiary amounting to US$546,000 has been reclassified to profit or loss.

Due from subsidiary – non-trade

As at 31 December 2015, non-trade receivables from subsidiary comprise of advances of US$5,216,000 (2014: US$5,216,000) which were unsecured, interest-free and with no fixed terms of repayment. The settlement of the advances will be made upon the sale of the investment property held by the subsidiary in the future.

It is not practicable to determine the fair value of the non-trade receivables of US$5,216,000 as at 31 December 2015 (2014: US$5,216,000) as there is no fixed terms of repayment and these are not expected to be repaid within the next 12 months.

Details of significant subsidiaries are as follows:

Name of subsidiary	Country of incorporation and principal place of business	Proportion of equity interest 2015 %	2014 %
Held by Ocean Sky International Limited			
Suntex Investment Co. Ltd[(1)(2)]	Cambodia	**100**	100
Ocean Star Apparel (Guangzhou) Pte Ltd[(3)]	People's Republic of China	**–**	100

Notes:
(1) Audited by BDO (Cambodia) Limited, Cambodia.
(2) The subsidiary's principal activity is that of investment holding.
(3) Liquidated during the current financial year.

8. Investment in associate

	Group 2015 US$'000	Group 2014 US$'000	Company 2015 US$'000	Company 2014 US$'000
Unquoted equity shares, at cost	**2,502**	2,502	**2,502**	2,502
Share of post-acquisition results, net of dividends	**1,357**	670	**–**	–
Carrying amount	**3,859**	3,172	**2,502**	2,502

The details of the associate are as follows:

Name of associate (Country of incorporation/operation)	Principal activities	Proportion of ownership interest and voting power 2015 %	2014 %
Ang Tong Seng Brothers Enterprises Pte Ltd[(1)] (Singapore)	Building and civil engineering contractors	**30**	30

Note:
(1) Audited by BDO LLP, Singapore

8. Investment in associate (Continued)

The associate is a strategic partnership for the Group in the development of its civil engineering, construction and property businesses. The associate is accounted for using the equity method in these consolidated financial statements.

The summarised financial information of the associate not adjusted for the proportion of ownership interest held by the Group is set out below:

	Group	
	2015 US$'000	**2014 US$'000**
Current assets	**11,658**	11,426
Non-current assets	**5,878**	7,520
Current liabilities	**(4,162)**	(7,626)
Non-current liabilities	**(2,877)**	(3,114)
Net assets	**10,497**	8,206
Revenue	**20,205**	20,818
Net profit and total comprehensive income	**2,289**	2,074

Reconciliation of summarised financial information

Reconciliation of the above summarised financial information presented, to the carrying amount of the Group's interest in the associate, is as follows:

	2015 US$'000	**2014 US$'000**
Net assets of the associate	**10,497**	8,206
Proportion of the Group's ownership interest	**3,149**	2,462
Goodwill	**710**	710
Carrying amount of the Group's interest in the associate	**3,859**	3,172

9. Trade and other receivables

	Group		Company	
	2015 US$'000	**2014 US$'000**	**2015 US$'000**	**2014 US$'000**
Trade receivables				
– third parties	**730**	730	**730**	730
Allowance for doubtful receivables	**(730)**	(730)	**(730)**	(730)
	–	–	**–**	–
Other receivables				
– third parties	**7**	36	**–**	35
– subsidiaries	**–**	–	**–**	853
Deposits	**31**	44	**31**	33
Prepayments	**8**	16	**8**	16
Total trade and other receivables	**46**	96	**39**	937
Less: Prepayments	**(8)**	(16)	**(8)**	(16)
Add:				
Due from subsidiaries (Note 7)	**–**	–	**5,216**	5,216
Fixed deposits (Note 10)	**10,000**	10,000	**10,000**	10,000
Cash and bank balances (Note 10)	**9,003**	13,317	**8,484**	11,736
Total loans and receivables	**19,041**	23,397	**23,731**	27,873

(a) Trade receivables are non-interest bearing and generally have credit terms of 14 to 90 days (2014: 14 to 90 days).

(b) The non-trade amounts due from subsidiaries mainly comprise advances which are unsecured, interest-free and repayable on demand.

9. Trade and other receivables (Continued)

Movement in the allowance for doubtful trade receivables are as follows:

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
At 1 January	**730**	662	**730**	662
Charged to profit or loss	**–**	68	**–**	68
At 31 December	**730**	730	**730**	730

10. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Cash and bank balances	**9,003**	13,317	**8,484**	11,736
Fixed deposits	**10,000**	10,000	**10,000**	10,000
	19,003	23,317	**18,484**	21,736

Fixed deposits earn interest at 0.25% (2014: ranging from 0.15% to 0.25%) per annum and have tenors of approximately 28 to 33 (2014: 28 to 33) days.

11. Trade and other payables

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Trade payables				
– third parties	**184**	122	**181**	118
Other payables				
– third parties	**1,742**	1,773	**112**	68
– subsidiaries	**–**	–	**2,025**	2,035
Accrued employee benefits	**96**	58	**96**	55
Provision for penalties and interest (Note 31)	**278**	–	**–**	–
Provision for Directors' fee	**99**	106	**99**	106
Total trade and other payables	**2,399**	2,059	**2,513**	2,382
Add:				
– Finance lease payable (Note 13)	**108**	95	**108**	95
Total financial liabilities carried at amortised cost	**2,507**	2,154	**2,621**	2,477

(a) Trade payables to third parties are non-interest bearing and are generally settled on 30 to 90 (2014: 30 to 90) days' credit terms.

(b) The non-trade amounts due to subsidiaries were unsecured, interest-free and repayable on demand.

(c) Other payables to third parties include an amount of US$1,440,000 (2014: US$1,440,000) pertaining to rental deposit received for the investment property (Note 5).

12. Provision for warranty claims

	Group and Company	
	2015	2014
	US$'000	US$'000
Provision for warranty claims	–	2,700

In the previous financial year, the Company received claims on warranties from Sunny Force Limited on the realisable value of inventories and tax liabilities in relation to the disposed apparel operations ("Claims").

As agreed with Sunny Force Limited, the Company has, on 6 March 2015, paid US$2,700,000 to Sunny Force Limited from its internal funds as full and final settlement of all payments and liabilities arising from the Claims.

As at the date of this report, management is not aware of any further warranty and tax liability claims that may arise in relation to the disposed apparel operations. The provision for warranty claims recognised in the previous financial year represents the management's best estimate of the Company's contractual obligations as at the end of the financial year.

13. Finance lease payable

	Group and Company	
	2015	2014
	US$'000	US$'000
Minimum lease payments due:		
Within one year	40	31
After one year but within five years	80	74
	120	105
Future finance charges	(12)	(10)
Present value of finance lease liabilities	108	95

The present value of finance lease payable is repayable as follows:

	Group and Company	
	2015	2014
	US$'000	US$'000
Within one year	36	28
After one year but within five years	72	67
	108	95

(a) The term of the financial leases are for 5 years.

(b) Finance lease liabilities are secured by rights to the leased assets which will revert to the lessor in the event of default.

(c) The interest rate charged is 4.33% per annum. The finance leases were on a fixed repayment basis and no arrangements had been entered into for contingent rental payments.

The management estimates that the carrying amount of the Group's and the Company's finance lease payable approximates its fair value.

14. Share capital

	Group and Company	
	Number of ordinary shares	US$'000
Issued and fully paid		
2015 and 2014		
At beginning and end of financial year	449,441,053	29,344

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares, which have no par value, carry one vote per share without restrictions.

15. Reserves

	Group	
	2015 US$'000	2014 US$'000
Foreign currency translation reserve	**(191)**	(606)
Revaluation reserve	**5,289**	5,289
	5,098	4,683

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Revaluation reserve

The revaluation reserve represents the increase in the fair value of freehold land net of tax, prior to the change in use from property, plant and equipment to investment property, and is distributable.

	Group	
	2015 US$'000	2014 US$'000
At 1 January and 31 December	**5,289**	5,289

(Accumulated losses)/Retained earnings

Movements in the (accumulated losses)/retained earnings of the Company are as follows:

	Company	
	2015 US$'000	2014 US$'000
At 1 January	**(1,979)**	12,818
Total comprehensive income for the financial year	**(1,711)**	(4,088)
Dividends (Note 24)	**–**	(10,709)
At 31 December	**(3,690)**	(1,979)

16. Revenue

	Group 2015 US$'000	Group 2014 US$'000
Rental income	**720**	720

17. Other income

	Group 2015 US$'000	Group 2014 US$'000
Continuing operations		
Interest income	**25**	27
Fair value gain on investment property (Note 5)	**–**	2,686
PIC government grants	**–**	28
Miscellaneous income	**9**	5
	34	2,746
Discontinued operations (Note 22)		
Miscellaneous income	**–**	7
	–	7

18. Finance costs

	Group 2015 US$'000	Group 2014 US$'000
Interest expense		
– finance leases	**3**	3

19. (Loss)/Profit before income tax from continuing operations

(Loss)/profit before income tax for the year is arrived at after charging (crediting) the following:

	Group					
	Continuing operations		Discontinued operations		Total	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Audit fees						
– auditors of the Company	**47**	43	**–**	–	**47**	43
– other auditors	**3**	3	**–**	–	**3**	3
Non-audit fees						
– auditors of the Company	**2**	2	**–**	–	**2**	2
– other auditors	**13**	13	**–**	–	**13**	13
Depreciation of property, plant and equipment	**105**	104	**–**	–	**105**	104
Employee benefits (Note 20)	**871**	827	**–**	–	**871**	827
Fair value loss on investment property (Note 5)	**340**	–	**–**	–	**340**	–
Loss on disposal of property, plant and equipment	**7**	–	**–**	–	**7**	–
Operating lease expenses	**133**	148	**–**	–	**133**	148
Allowance for doubtful trade receivables	**–**	–	**–**	68	**–**	68
Provision for warranty claims	**–**	–	**–**	2,700	**–**	2,700
Reclassified loss from foreign currency translation reserve on liquidation of a foreign subsidiary (Note 7)	**546**	–	**–**	–	**546**	–
Professional fees	**235**	11	**–**	–	**235**	11
Foreign exchange gain, net	**(109)**	(90)	**–**	–	**(109)**	(90)
Provision for penalties and interest (Note 31)	**278**	–	**–**	–	**278**	–

20. Employee benefit expenses

	Group 2015 US$'000	Group 2014 US$'000
Fees	**99**	106
Short-term employee benefits	**743**	700
Post-employment benefits	**29**	21
	871	827

The above includes remuneration of key management personnel as follows:

	Group 2015 US$'000	Group 2014 US$'000
Directors of the Company	**569**	663
Other key management personnel	**130**	82
	699	745

21. Income tax expense

	Group					
	Continuing operations		Discontinued operations		Total	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Current tax:						
– Current year	**118**	665	**–**	–	**118**	665
– Under/(over) provision in prior years	**172**	(34)	**–**	(137)	**172**	(171)
	290	631	**–**	(137)	**290**	494
Deferred tax:						
– Over provision in prior years	**–**	(10)	**–**	–	**–**	(10)
Total income tax expense	**290**	621	**–**	(137)	**290**	484

Domestic income tax is calculated at 17% (2014: 17%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Reconciliation of effective tax rate

	Group 2015 US$'000	Group 2014 US$'000
(Loss)/Profit before income tax from		
– continuing operations	**(1,478)**	2,784
– discontinued operations (Note 22)	**–**	(2,761)
	(1,478)	23
Income tax using Singapore tax rate of 17% (2014: 17%)	**(251)**	4
Effect of income not subject to tax	**(70)**	–
Effect of expenses not deductible for tax purposes	**384**	562
Effect of different tax rates in other countries	**55**	99
Under/(over) provision of current income tax in prior years	**172**	(171)
Over provision of deferred tax in prior years	**–**	(10)
	290	484

22. Discontinued operations

Ocean Sky Global (S) Pte. Ltd. ("OSG") and the Operating Subsidiaries ("Disposal Group")

On 6 January 2013, the Company entered into a conditional sale and purchase agreement (the "Agreement") with Luen Thai Holdings Limited ("Luen Thai"), a company incorporated in the Cayman Islands and listed on the main board of the Stock Exchange of Hong Kong Limited, and Sunny Force Limited (the "Purchaser"), a wholly-owned subsidiary of Luen Thai, pursuant to which the Company has agreed to sell and the Purchaser has agreed to acquire, the entire issued share capital of Ocean Sky Global (S) Pte. Ltd., a wholly-owned subsidiary of the Company, for an aggregate cash consideration of up to US$55,000,000 ("Consideration"), subject to any adjustments as provided for in the Agreement (the "Divestment").

The apparel business represents the Group's sole business segment and this segment was presented as "Discontinued operations" in accordance with FRS 105 Non-current Assets Held for Sale and Discontinued Operations. In 2014, the Group's results pertaining to the disposed apparel business was presented as discontinued operations.

On 30 April 2013, the Divestment was completed and the Company received total sales proceeds of US$52,785,000.

The results of the discontinued operations in the previous financial year were as follows:

	Group	
	2015 US$'000	2014 US$'000
Other income	–	7
Administrative and other operating expenses	–	(2,768)
Loss before income tax from discontinued operations	–	(2,761)
Income tax expense	–	137
Loss after income tax from discontinued operations	–	(2,624)
Loss for the financial year from discontinued operations	–	(2,624)

23. (Loss)/Earnings per share

The calculation of the basic and diluted earnings/(loss) per share attributable to owners of the parent is based on the following data:

	Group	
	2015	2014
(Loss)/Earnings (US$'000)		
Loss for the financial year attributable to owners of the parent	**(1,768)**	(461)
Add: Gain for the financial year from discontinued operations (Note 22)	**–**	2,624
(Loss)/Earnings for the purpose of basic and diluted earnings per share from continuing operations	**(1,768)**	2,163
Number of shares ('000)		
Actual number of ordinary shares in issue	**449,441**	449,441
Weighted average number of ordinary shares for the purpose of basic earnings per share and diluted earnings per share	**449,441**	449,441
(Loss)/Earnings per share (US cents)		
Basic and diluted – from continuing operations	**(0.39)**	0.48
Basic and diluted – from discontinued operations	**–**	(0.58)

24. Dividends

In the previous financial year, an interim tax-exempt dividend in respect of the financial year ended 31 December 2014 at S$0.03 per ordinary share amounting to S$13,483,000 (or US$10,709,000 equivalent) was declared and paid to shareholders.

25. Operating lease arrangements

The Group and Company as lessees

At the end of the financial year, commitments in respect of non-cancellable operating leases for office premises are as follows:

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Within one year	**75**	128	**75**	128
Within two to five years	**–**	75	**–**	75
	75	203	**75**	203

Leases for office premises are negotiated for a term of 3 years (2014: 3 years) with no arrangement on contingent rents. The Group and the Company are given an option to renew the leases before expiry. Lease payments are usually increased upon renewals to reflect market rentals.

The Group as lessor

At the end of the financial year, the Group has contracted with tenants for the following minimum lease receivables:

	Group	
	2015 US$'000	2014 US$'000
Within one year	**720**	720
Within two to five years	**2,880**	2,880
More than five years	**8,640**	9,360
	12,240	12,960

The lease for the investment property was negotiated for a term of 20 years with no arrangement on contingent rents. There is an option to renew for a first term of 10 years and a further second term of 15 years. Lease payments will be reviewed upon renewal to reflect market rentals.

26. Significant related party transactions

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The outstanding balances with related parties as at the end of the financial year are unsecured, interest-free and repayable on demand, unless otherwise stated.

27. Segment reporting

The management has determined the operating segments based on the reports reviewed by the chief operating decision-maker.

The Group's reportable segments are strategic geographical units that are organised based on their function and economic environment. The segments are managed separately because each segment is subject to risks and rewards that are different from those of other segments.

The geographical areas are Singapore which remains as the Corporate Headquarters and Southeast Asia (Cambodia) which is in investment property holding.

Revenue by geographical segment is analysed in accordance to the location of the Group entity generating the revenue. Revenue by geographical market is analysed in accordance to the location of the customers, regardless of where the goods were produced or services provided.

Non-current assets and capital expenditure are shown by the geographical location of assets.

Income taxes are managed on a Group basis.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

The Group accounts for intersegment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on consolidation. Profit or loss is reviewed after elimination of intersegment transactions.

Group	**Singapore US$'000**	**Southeast and North Asia US$'000**	**Consolidated US$'000**
2015			
Revenue from external customers			
– Continuing operations	**–**	**720**	**720**
Carrying amount of non-current assets	**4,092**	**10,144**	**14,236**
Carrying amount of current assets	**13,876**	**5,173**	**19,049**
Additions to property, plant and equipment	**96**	**–**	**96**
Depreciation and amortisation	**105**	**–**	**105**
2014			
Revenue from external customers			
– Continuing operations	–	720	720
Carrying amount of non-current assets	3,463	10,484	13,947
Carrying amount of current assets	17,170	6,243	23,413
Depreciation and amortisation	105	–	105

Major customer

The Group's total revenue from continuing operations of US$720,000 (2014: US$720,000) is derived from a single customer.

28. Financial instruments and financial risk management

The Group's activities expose it to credit risk, market risks (including foreign currency risk and interest rate risk) and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Group management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

28.1 Credit risk

Activities that give rise to credit risk include granting credit to customers and placing deposits with banks.

Credit risk is managed through transacting with customers with a good credit history, requesting for letters of credit, where applicable, as part of sales terms for new customers and performing credit checks and monitoring procedures. Bank deposits are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies.

The amount that best represents its maximum exposure to credit risk is the carrying amount of financial assets in the financial statements. There are no collaterals held as security or other credit enhancements.

In the previous financial year, other receivables which were neither past due nor impaired were mainly owing by customers with no past history of default. There are no past due other receivables in the current or previous financial year.

The Company has no trade receivables which are past due but not impaired.

The Group and the Company do not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics except as follows:

(a) The Group and the Company have trade receivables which are past due and impaired amounting to US$730,000 (2014: US$730,000) (Note 9) owing from a customer which had been placed under chapter 11 of the United States Bankruptcy Code. The Company had filed its claims against this customer.

(b) The Company has non-trade receivables from its subsidiaries of US$5,216,000 (2014: US$6,069,000) which are neither past due nor impaired. As at 31 December 2015, these receivables comprise 99.3% (2014: 98.6%) of the Company's total current and non-current receivables.

28.2 Liquidity risk

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of receipts and payments. The Group manages liquidity risks by keeping committed lines of credit available.

The following table details the Group and the Company's remaining contractual maturity for its financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to receive or pay. The table includes both interest and principal cash flows.

28. Financial instruments and financial risk management (Continued)

28.2 Liquidity risk (Continued)

	Within 1 year US$'000	After 1 year but within 5 years US$'000	Total US$'000
Group			
2015			
Financial liabilities			
Trade and other payables	**2,399**	**–**	**2,399**
Finance lease payable	**40**	**80**	**120**
As at 31 December 2015	**2,439**	**80**	**2,519**
2014			
Financial liabilities			
Trade and other payables	2,059	–	2,059
Finance lease payable	31	74	105
As at 31 December 2014	2,090	74	2,164
Company			
2015			
Financial liabilities			
Trade and other payables	**2,513**	**–**	**2,513**
Finance lease payable	**40**	**80**	**120**
As at 31 December 2015	**2,553**	**80**	**2,633**
2014			
Financial liabilities			
Trade and other payables	2,382	–	2,382
Finance lease payable	31	74	105
As at 31 December 2014	2,413	74	2,487

28.3 Currency risk

The Group has foreign currency exposures arising from expenses or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Singapore dollar, United States dollar, and Hong Kong dollar.

The Group does not have a formal hedging policy against foreign exchange fluctuations. The Group continuously monitors the exchange rates on a daily basis so as to realise the currencies at the most favourable exchange rate.

As at the end of the financial year, the net carrying amounts of monetary assets and liabilities denominated in currencies other than the respective group entities' functional currencies were as follows:

	Group		Company	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Monetary assets				
Singapore dollar	**326**	2,278	**326**	2,278
United States dollar	**1,112**	2,688	**–**	–
Hong Kong dollar	**3,305**	4,661	**3,305**	4,661
Monetary liabilities				
Singapore dollar	**(668)**	(1,382)	**(668)**	(519)
United States dollar	**–**	(1,479)	**–**	–
Hong Kong dollar	**–**	(1,357)	**–**	–
Net				
Singapore dollar	**(342)**	896	**(342)**	1,759
United States dollar	**1,112**	1,209	**–**	–
Hong Kong dollar	**3,305**	3,304	**3,305**	4,661

28. Financial instruments and financial risk management (Continued)

28.3 Currency risk (Continued)

The table below shows the sensitivity analysis of exchange rate risk showing the effect on profit or loss of reasonably possible changes in the relevant risk variable with all other variables held constant.

	2015		2014	
	Appreciate/ depreciate by	Effect on profit or loss US$'000	Appreciate/ depreciate by	Effect on profit or loss US$'000
Group				
Singapore dollar	**+5%**	**(17)**	+5%	45
United States dollar	**+5%**	**56**	+5%	60
Hong Kong dollar	**+5%**	**165**	+5%	165
Singapore dollar	**-5%**	**17**	-5%	(45)
United States dollar	**-5%**	**(56)**	-5%	(60)
Hong Kong dollar	**-5%**	**(165)**	-5%	(165)

	2015		2014	
	Appreciate/ depreciate by	Effect on profit or loss US$'000	Appreciate/ depreciate by	Effect on profit or loss US$'000
Company				
Singapore dollar	**+5%**	**(17)**	+5%	88
Hong Kong dollar	**+5%**	**165**	+5%	233
Singapore dollar	**-5%**	**17**	-5%	(88)
Hong Kong dollar	**-5%**	**(165)**	-5%	(233)

28.4 Interest rate risk

The Group's and the Company's interest exposure arises primarily from the finance lease liability which bears a fixed interest rate. The management considers the Group's and the Company's exposure to changes in interest rates to be insignificant.

29. Capital management policies and objectives

The Group's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

(ii) to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of equity attributable to owners of the parent, comprising issued capital, reserves and retained earnings.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group is not subject to externally imposed capital requirements for the financial years ended 31 December 2015 and 31 December 2014.

The Group's overall strategy remains unchanged from 2014.

30. Fair value of financial assets and financial liabilities

Financial instruments whose carrying amount approximate fair value

The management of the Group has determined that the carrying amounts of cash and cash equivalents, trade and other receivables, and trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial liabilities are disclosed in the respective notes to the financial statements.

31. Contingent liabilities

On 15 December 2015, a subsidiary in Cambodia received a notice of tax reassessment for years 2008 to 2011 ("Tax Reassessment") from the General Department of Taxation, Cambodia (the "GDT") of approximately US$1.0 million for underpayment of (i) tax on profit in relation to undeclared revenue ("Revenue Tax") and intercompany loan principal deemed as income ("Loan Income Tax"); (ii) value added tax on undeclared revenue ("Revenue VAT") and (iii) withholding tax on loan interest expense ("Loan Interest WHT"), and related penalties and interests.

On 15 January 2016, the subsidiary lodged an objection letter with the GDT and has requested for a clarification on the basis of the Tax Reassessment. As at the date of this report, the subsidiary has not received any response from the GDT.

Management has reviewed the Tax Reassessment and sought advice from an independent tax advisor. Based on the tax advice received, management believes that it has reasonable grounds to dispute the Tax Reassessment in relation to Loan Income Tax and Loan Interest WHT. Accordingly, the Directors are of the opinion that no provision on the amounts in relation to Loan Income Tax and Loan Interest WHT, and the respective related penalties and interests with respect to the Tax Reassessment is required.

Although management is not aware of any revenue undeclared, management has, without admission of the correctness of the Tax Reassessment received and pending clarification from the GDT, made a provision of US$172,000 in relation to Revenue Tax and Revenue VAT and has recorded this amount as an underprovision of current income tax (Note 21), and US$278,000 for related penalties and interests and has recorded this amount under "Administration and other operating expenses" (Note 19) in the current financial year. Management will continue to seek clarification from GDT to resolve the Tax Reassessment.

32. Event subsequent to the reporting period

As announced by the Company on 25 March 2015, the Company had entered into a conditional sale and purchase agreement in relation to a proposed acquisition of the equity interest of Link (THM) Holdings Pte. Ltd. (the "Proposed Acquisition").

On 25 March 2016, the Company announced that the sale and purchase agreement in respect of the Proposed Acquisition has been terminated.

33. Reclassifications

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with current year's financial statements. Certain line items have been amended in the consolidated statement of cash flows. Comparative figures have been adjusted to conform to the current year's presentation. The reclassifications do not have any impact on the Group's financial position or results.

	Group 2014	
	As previously reported US$'000	**After reclassification US$'000**
Consolidated statement of cash flows		
(Loss)/Profit before income tax		
Adjustment for:		
Unrealised foreign exchange gain	–	(89)
Working capital changes:		
Trade and other receivables	815	917
Trade and other payables	(2,398)	(2,423)
Financing activities		
Repayment of finance lease obligations	(35)	(31)
Effects of foreign exchange rate changes on the balance of cash held in foreign currencies	(82)	(74)

Statistics of Shareholdings

AS AT 24 MARCH 2016

Issued and Fully Paid-Up Capital	:	S$44,863,224
Number of Shares Issued	:	449,441,053
Class of Shares	:	Ordinary Shares
Voting Rights	:	One Vote per Ordinary Share
Number of Treasury shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	3	0.25	31	0.00
100 – 1,000	36	2.95	32,216	0.01
1,001 – 10,000	313	25.70	2,404,269	0.53
10,001 – 1,000,000	845	69.38	73,027,291	16.25
1,000,001 AND ABOVE	21	1.72	373,977,246	83.21
TOTAL	**1,218**	**100.00**	**449,441,053**	**100.00**

TWENTY LARGEST SHAREHOLDERS

	NAME	NO. OF SHARES	%
1	RAFFLES NOMINEES (PTE) LIMITED	252,304,023	56.14
2	CITIBANK NOMINEES SINGAPORE PTE LTD	31,822,400	7.08
3	DBS NOMINEES (PRIVATE) LIMITED	29,367,323	6.53
4	ANG SIEW TIONG	13,382,196	2.98
5	UOB KAY HIAN PRIVATE LIMITED	11,263,000	2.51
6	MAYBANK KIM ENG SECURITIES PTE. LTD.	5,806,400	1.29
7	TAN KIM SENG	5,000,000	1.11
8	YEO YEOK SOO	3,078,926	0.69
9	PHILLIP SECURITIES PTE LTD	2,603,100	0.58
10	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,205,900	0.49
11	ANG KIAN HUI LARRY (WANG JIANHUI)	2,000,000	0.44
12	HSBC (SINGAPORE) NOMINEES PTE LTD	1,807,180	0.40
13	AU SOO LUAN	1,729,100	0.38
14	ANNE YANG BOOT TA	1,721,000	0.38
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,650,000	0.37
16	OCBC SECURITIES PRIVATE LIMITED	1,558,298	0.35
17	LIM TECK SENG	1,466,000	0.33
18	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,461,000	0.33
19	TAY YEE TIAN	1,395,000	0.31
20	WONG SIEW HUI	1,313,000	0.29
TOTAL		**372,933,846**	**82.98**

Statistics of Shareholdings

AS AT 24 MARCH 2016

SUBSTANTIAL SHAREHOLDERS

		Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
1	Ang Boon Cheow Edward[(1)]	–	–	139,814,634	31.11
2	Ang Boon Chong[(2)]	–	–	108,638,089	24.17
3	ANA Asia Limited ("ANA")[(3)]	–	–	133,229,634	29.64
4	Charisma Asia Limited ("CAL")[(3)]	–	–	94,153,089	20.95

Notes:

(1) Mr Ang Boon Cheow Edward ("Edward Ang"), is deemed interested in 139,814,634 shares of which 6,585,000 shares are owned by Edward Ang and registered in the name of Raffles Nominees (Pte) Limited. The remaining shares are held indirectly by ANA and Mr Edward Ang is, by virtue of his interest in ANA, deemed interested in the 133,229,634 shares deemed to be held by ANA.

(2) Mr Ang Boon Chong is deemed interested in 108,638,089 shares of which 14,485,000 shares are owned by Mr Ang Boon Chong and registered in the name of Raffles Nominees (Pte) Limited. The remaining shares are held indirectly by CAL and Mr Ang Boon Chong is, by virtue of his interest in CAL, deemed interested in 94,153,089 shares deemed to be held by CAL.

(3) The Shares held by ANA and CAL are registered in the name of Raffles Nominees (Pte) Limited.

RULE 723 OF LISTING MANUAL

Based on the information provided, to the best knowledge of the directors and the substantial shareholders of the Company, approximately 44.72% of the issued share capital of the Company was held in the hands of the public as at 24 March 2016. Accordingly, Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited has been complied with.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Ocean Sky International Limited (the "Company") will be held at 300 Tampines Avenue 5, #09-05 NTUC Income Tampines Junction, Singapore 529653 on Tuesday, 26 April 2016 at 10.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the audited financial statements for the financial year ended 31 December 2015 together with the directors' statement and the auditors' report thereon. **(Resolution 1)**

2. To re-elect Mr Chua Keng Hiang as Director who is retiring pursuant to Article 89 of the Company's Articles of Association. **(Resolution 2)**
   [See Explanatory Note (i)]

3. To re-elect Mr Ng Ya Ken as Director who is retiring pursuant to Article 89 of the Company's Articles of Association. **(Resolution 3)**
   [See Explanatory Note (ii)]

4. To approve the payment of directors' fees of S$140,000 for the financial year ended 31 December 2015. (2014: S$140,000). **(Resolution 4)**

5. To approve the payment of directors' fees of S$140,000 for the financial year ending 31 December 2016, payable quarterly in arrears. **(Resolution 5)**
   [See Explanatory Note (iii)]

6. To re-appoint Messrs BDO LLP as auditors of the Company and authorise the Directors to fix their remuneration. **(Resolution 6)**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, with or without amendments, as Ordinary Resolutions:–

7. **Authority to issue shares and convertible securities**

   "That pursuant to Section 161 of the Companies Act, Chapter 50, the Articles of Association and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the directors of the Company to:

   (a) (i) allot and issue shares in the capital of the Company (the "Shares") (whether by way of rights, bonus or otherwise); and/or

   (ii) make or grant offers, agreements, or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force):

   (i) issue additional instruments as adjustments in accordance with the terms and conditions of the Instruments made or granted by the directors while this Resolution was in force; and

   (ii) issue Shares in pursuance of any Instruments made or granted by the directors while this Resolution was in force or such additional Instruments in (b)(i) above, provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares, if any) at the time of the passing of this Resolution (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares issued other than on a pro rata basis to existing shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the Company's total number of issued Shares (excluding treasury shares, if any) (as calculated in accordance with sub-paragraph (2) below); and

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares, if any) shall be calculated based on the total number of issued Shares (excluding treasury shares, if any) at the time of the passing of this Resolution, after adjusting for:–

(a) new Shares arising from the conversion or exercise of convertible securities;

(b) new Shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the SGX-ST Listing Manual; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the listing rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier." **(Resolution 7)**
[See Explanatory Note (iv)]

8. **Renewal of Share Purchase Mandate**

"That:

(a) for the purposes of the Companies Act, Chapter 50 of Singapore (the "**Act**"), the exercise by the Directors of the Company of all the powers of the Company to use Funds (as hereafter defined) to purchase or otherwise acquire the ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchases (each an "**On-Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit based on the requirements of section 76C of the Act, and in accordance with all other laws and regulations of Singapore and the listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**")

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company ("AGM") is held or required by the law to be held;

(ii) the date on which the share purchases are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Purchase Mandate is revoked or varied;

(c) in this Resolution:

"**Funds**" means internal sources of funds and/or external borrowings as may be determined by the Directors of the Company. Illustrations of the financial impact of the use of Funds are set out in the Appendix 1;

"**Maximum Limit**" means that number of Shares representing ten per cent. (10%) of the issued ordinary share capital of the Company as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act, at any time during the Relevant Period (as defined hereinafter), in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of an On-Market Purchase: 105% of the Average Closing Price;

(ii) in the case of an Off-Market Purchase: 130% of the Highest Last Dealt Price, where:

"**Average Closing Price**" means the average of the closing market prices of a share over the last five (5) market days, on which transactions in the Shares were recorded, preceding the day of the On-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) market days period;

"**Highest Last Dealt Price**" means the highest price transacted for a share on the market day on which the Shares were transacted on the SGX-ST immediately preceding the date of the making of the offer pursuant to the Off-Market Purchase;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution." **(Resolution 8)**
[See Explanatory Note (v)]

Any Other Business

9. To transact any other business which may properly be transacted at an Annual General Meeting.

By Order of the Board

Chia Yau Leong
Company Secretary

Singapore, 11 April 2016

Notice of Annual General Meeting

Explanatory Notes:

(i) Mr Chua Keng Hiang, if re-elected, will remain as a member of the Company's Nominating Committee and Remuneration Committee and will also continue to remain as Chairman of the Audit Committee. Mr Chua Keng Hiang will be considered as an Independent Director of the Company.

(ii) Mr Ng Ya Ken, if re-elected, will remain as a member of the Company's Audit Committee and will also continue to remain as Chairman of the Remuneration Committee. Mr Ng Ya Ken will be considered as an Independent Director of the Company.

(iii) **Ordinary Resolution 5**, if passed, will facilitate the payment of Directors' fees of S$140,000 for the financial year ending 31 December 2016 on a quarterly basis in arrears. The amount of Directors' fees is computed based on the existing positions held by the Non-Executive Directors in various board committees, and assuming that all the Non-Executive Directors will hold office for the full financial year. In the event the amount of Directors' fees proposed is insufficient, for example, in the event of enlarged board sizes or otherwise, approval will be sought at next year's annual general meeting for additional fees before payments are made to the Non-Executive Directors to meet the shortfall.

(iv) **Ordinary Resolution 7**, if passed, will empower the Directors from the date of the above Meeting until the date of the next annual general meeting, to issue shares and convertible securities in the Company. The number of shares and convertible securities that the Directors may allot and issue under this Resolution would not exceed fifty per cent. (50%) of the total number of issued shares (excluding treasury shares, if any) of the Company at the time of the passing of this resolution. For issue of shares and convertible securities (other than on a pro rata basis to all shareholders), the aggregate number of shares and convertible securities to be issued shall not exceed twenty per cent. (20%) of the total number of issued shares (excluding treasury shares, if any) of the Company.

(v) **Ordinary Resolution 8**, if passed, will empower the Directors of the Company to make purchases or otherwise acquire the Company's issued shares from time to time subject to and in accordance with the guidelines set out in the Appendix 1 accompanying this Notice. The authority will expire at the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier, unless previously revoked or waived at a general meeting.

Notes:

1. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.

2. If the appointer is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

3. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint two or more proxies to attend and vote at the Annual General Meeting. Relevant intermediary is either:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

   (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

4. The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 300 Tampines Avenue 5, #09-05 NTUC Income Tampines Junction, Singapore 529653, not less than forty-eight (48) hours before the time appointed for the holding of the Annual General Meeting.

Personal data privacy:

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxy(ies) and/or representative(s) appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Appendix 1

OCEAN SKY INTERNATIONAL LIMITED

(Registration No. 198803225E)
(Incorporated in the Republic of Singapore)

SUMMARY SHEET FOR RENEWAL OF SHARE PURCHASE MANDATE

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix. If you are in doubt as to the action that you should take, you should consult your stockbroker or other professional adviser immediately.

(A) Shares Purchased In The Previous Twelve Months

The Company has not made any share purchases pursuant to the Share Purchase Mandate obtained at the Annual General Meeting on 28 April 2015 in the last 12 months immediately preceding 24 March 2016 (the "Latest Practicable Date").

(B) Renewal of The Share Purchase Mandate

The Ordinary Resolution No. 8 if passed at the Annual General Meeting to be held on 26 April 2016 ("2016 AGM"), will renew the Share Purchase Mandate (the "Proposed Share Purchase Mandate") approved by the shareholders of the Company from the date of the Annual General Meeting until the date that the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier (the "Relevant Period").

(C) Rationale For The Share Purchase Mandate

The Proposed Share Purchase Mandate will provide the Company with the flexibility to undertake share purchases of up to the ten per cent. (10%) limit during the period when the Proposed Share Purchase Mandate is in force.

In addition to the growth and expansion of the Group's business, a share purchase at the appropriate price level may also increase shareholders' value in the Company as it is one of the ways in which the return on equity of the Group may be enhanced.

Share purchases may also provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient, effective and cost-efficient manner. It will also provide the Directors with greater flexibility over the Company's share capital structure with a view to enhancing the earnings per share and/or net tangible assets value per share.

The Directors may also purchase or acquire shares pursuant to the Proposed Share Purchase Mandate, hold the repurchased shares as treasury shares and utilise such treasury shares for the purposes of or pursuant to an employees' share scheme or as (part) consideration for the acquisition of shares in or assets of another company.

Short term speculation may at times cause the market price of the Shares to be depressed below the true value of the Group. In a depressed share price situation, the Directors further believe that share purchases by the Company will help mitigate short-term market volatility, offset the effects of short-term speculation which in turn protect shareholders' investments and bolster shareholder confidence.

The Directors will only effect a share purchase as and when the circumstances permit, after taking into account, amongst other things, the Company's financial condition, the prevailing market conditions and whether such share purchases represent the most cost-effective and efficient approach in enhancing share value. The Directors do not propose to carry out share purchases to an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity and/or the orderly trading of the Shares and/or the financial position of the Group.

The Directors will ensure that the share purchases will not have any effect on the listing of the Company's securities including the Shares listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). Rule 723 of the Listing Manual of the SGX-ST requires at least ten per cent. (10%) of any class of a company's listed securities to be held by the public at all times. The Directors shall safeguard the interests of public shareholders before undertaking any share purchases. Before exercising the Proposed Share Purchase Mandate, the Directors shall at all times take due cognisance of (a) the then shareholding spread of the Company in respect of the number of Shares held by substantial shareholders and by non-substantial shareholders and (b) the volume of trading on the SGX-ST in respect of the Shares immediately before the exercise of any share purchase.

Currently, 200,988,330 Shares (44.72%) of a total of 449,441,053 Shares issued by the Company are held by 1,218 public shareholders. The Company is of the view that there is sufficient number of Shares in issue held by public shareholders which would permit the Company to undertake share purchases of up to ten per cent. (10%) of its issued ordinary share capital without affecting the listing status of the Shares on the SGX-ST. The Company will ensure that the share purchases will not cause market illiquidity or affect orderly trade.

(D) Financial Impact Of The Proposed Shares Purchases

1. The purchased Shares shall be cancelled immediately on purchase or acquisition unless held in treasury in accordance with Section 76H of the Companies Act, Chapter 50 (the "Act"). Section 76H of the Act allows purchased Shares to be:

   (i) held by the Company; or

   (ii) dealt with, at any time, in accordance with Section 76K of the Act, as treasury shares.

   Section 76K of the Act allows the Company to:

   (i) sell the Shares (or any of them) for cash;

   (ii) transfer the Shares (or any of them) for the purposes of or pursuant to an employees' share scheme;

   (iii) transfer the Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person; or

   (iv) cancel the Shares (or any of them).

   The aggregate number of Shares held as treasury shares shall not at any time exceed ten per cent. (10%) of the total number of Shares at that time. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Act within six (6) months.

   Any share purchase will:

   (i) reduce the amount of the Company's share capital where the Shares were purchased or acquired out of the capital of the Company;

   (ii) reduce the amount of the Company's profits where the Shares were purchased or acquired out of the profits of the Company; or

   (iii) reduce the amount of the Company's share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company;

   by the total amount of the purchase price paid by the Company for the Shares cancelled.

   The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote and the treasury shares will be treated as having no voting rights.

Appendix 1

2. The financial effects on the Company and the Group arising from the proposed purchases of the Company's Shares which may be made pursuant to the Proposed Share Purchase Mandate will depend on, inter alia, the aggregate number of Shares purchased and the consideration paid at the relevant time.

3. Based on the existing issued and paid-up share capital of the Company of US$29,343,553 comprising 449,441,053 shares in issue as at the Latest Practicable Date, the proposed purchases by the Company of up to a maximum of ten per cent. (10%) of its issued share capital under the Proposed Share Purchase Mandate will result in the purchase of 44,944,105 Shares.

4. An illustration of the impact of share purchases by the Company pursuant to the Proposed Share Purchase Mandate on the Group's and the Company's financial position is set out below based on the following assumptions:

   (a) audited accounts of the Group and the Company as at 31 December 2015;

   (b) in full exercise of the Proposed Share Purchase Mandate, 44,944,105 Shares were purchased;

   (c) the maximum price for the On-Market Purchases is S$0.076, which is 105% above the Average Closing Price (as defined in paragraph F(2));

   (d) the maximum price for the Off-Market Purchases is S$0.090, which is 130% of the Highest Last Dealt Price (as defined in paragraph F(2));

   (e) the maximum amount of funds required for the share purchases in the aggregate is approximately US$2.42 million and US$2.87 million for On-Market Purchases and Off-Market Purchases respectively.

On-Market Purchases and held as Treasury Shares or cancelled

	Company before share purchases (US$'000)	Company after share purchases (US$'000)	Group before share purchases (US$'000)	Group after share purchases (US$'000)
As at 31 December 2015				
Shareholders' funds	25,654	23,234	30,488	28,068
Net tangible assets	25,653	23,233	30,487	28,067
Current assets	18,523	16,103	19,049	16,629
Current liabilities	2,549	2,549	2,725	2,725
Working capital	15,974	13,554	16,324	13,904
Total borrowings	108	108	108	108
Cash, bank balances and fixed deposits	18,484	16,064	19,003	16,583
Number of shares ('000)	449,441	404,497	449,441	404,497
(Treasury shares) ('000)		(44,944)		(44,944)
Weighted average number of shares ('000)	449,441	404,497	449,441	404,497
Financial Ratios				
Net tangible assets per share (US cents)	5.71	5.74	6.78	6.94
Basic earnings per share (US cents)	(0.38)	(0.42)	(0.39)	(0.44)
Gearing ratio (net) (times)	NM	NM	NM	NM
Current ratio (times)	7.27	6.32	6.99	6.10

NM – Not meaningful

Off-Market Purchases and held as Treasury Shares or cancelled

	Company before share purchases (US$'000)	Company after share purchases (US$'000)	Group before share purchases (US$'000)	Group after share purchases (US$'000)
As at 31 December 2015				
Shareholders' funds	25,654	22,787	30,488	27,621
Net tangible assets	25,653	22,786	30,487	27,620
Current assets	18,523	15,656	19,049	16,182
Current liabilities	2,549	2,549	2,725	2,725
Working capital	15,974	13,107	16,324	13,457
Total borrowings	108	108	108	108
Cash, bank balances and fixed deposits	18,484	15,617	19,003	16,136
Number of shares ('000)	449,441	404,497	449,441	404,497
(Treasury shares) ('000)		(44,944)		(44,944)
Weighted average number of shares ('000)	449,441	404,497	449,441	404,497
Financial Ratios				
Net tangible assets per share (US cents)	5.71	5.63	6.78	6.83
Basic earnings per share (US cents)	(0.38)	(0.42)	(0.39)	(0.44)
Gearing ratio (net) (times)	NM	NM	NM	NM
Current ratio (times)	7.27	6.14	6.99	5.94

5. Shareholders should note that the financial effects set out above are based on the audited financial accounts of the Group and the Company for the financial year ended 31 December 2015 and are for illustration only. The results of the Group and the Company for the financial year ended 31 December 2015 may not be representative of future performance.

6. The Company intends to use its internal sources of funds to finance its purchases of the Shares. The Company does not intend to obtain or incur any borrowings to finance its purchases of the Shares. The Directors do not propose to exercise the Proposed Share Purchase Mandate in a manner and to such extent that the working capital requirements of the Group would be materially affected.

7. The Company will take into account both financial and non-financial factors, among other things, the market conditions at such time, the Company's financial condition, the performance of the Shares and whether such share purchases would represent the most efficient and cost-effective approach to enhance the share value. Share purchases will only be made if the Board believes that such purchases are likely to benefit the Company and increase economic value for shareholders.

(E) Consequences of Shares Purchases Under The Singapore Code on Take-overs and Mergers

1. In accordance with The Singapore Code on Take-overs and Mergers (the "Take-over Code"), a person will be required to make a general offer for a public company if:

   (a) he acquires 30 per cent. (30%) or more of the voting rights of the company; or

   (b) he already holds between 30 per cent. (30%) and 50 per cent. (50%) of the voting rights of the company, and he increases his voting rights in the company by more than one per cent. (1%) in any six-month period.

2. As at the Latest Practicable Date, the substantial shareholders' and Directors' interests are as follows:

	<-- Direct Interest -->		<-- Deemed Interest -->		<-- Total Interest -->	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors						
Ang Boon Cheow Edward[(1),(2)]	–	–	139,814,634	31.11	139,814,634	31.11
Ang Boon Chong[(1),(3)]	–	–	108,638,089	24.17	108,638,089	24.17
ANA Asia Limited ("ANA")[(2),(4)]	–	–	133,229,634	29.64	133,229,634	29.64
Charisma Asia Limited ("CAL")[(3),(4)]	–	–	94,153,089	20.95	94,153,089	20.95

Notes:

(1) Mr Ang Boon Cheow Edward and Mr Ang Boon Chong are brothers.

(2) Mr Ang Boon Cheow Edward is deemed interested in 139,814,634 Shares of which 6,585,000 Shares are owned by Mr Ang Boon Cheow Edward and registered in the name of Raffles Nominees (Pte) Limited. The remaining Shares are held indirectly by ANA which is wholly-owned by Mr Ang Boon Cheow Edward. Mr Ang Boon Cheow Edward is, by virtue of his interest in ANA, deemed interested in the 133,229,634 Shares held by ANA.

(3) Mr Ang Boon Chong is deemed interested in 108,638,089 Shares of which 14,485,000 Shares are owned by Mr Ang Boon Chong and registered in the name of Raffles Nominees (Pte) Limited. The remaining Shares are held indirectly by CAL which is wholly-owned by Mr Ang Boon Chong. Mr Ang Boon Chong is, by virtue of his interest in CAL, deemed interested in the 94,153,089 Shares deemed held by CAL.

(4) The Shares held by ANA and CAL are registered in the name of Raffles Nominees (Pte) Limited.

In the event the Company undertakes share purchases within the Relevant Period of up to ten per cent. (10%) of the issued share capital of the Company as permitted by the Proposed Share Purchase Mandate, the shareholdings and voting rights of Mr Ang Boon Cheow Edward and Mr Ang Boon Chong and their concert parties, ANA and CAL, will remain above 50%. Accordingly, no Director or substantial shareholder is required to make a general offer pursuant to the Take-over Code.

(F) Miscellaneous

1. The maximum number of Shares that may be purchased or acquired by the Company is limited to that number of Shares representing not more than ten per cent. (10%) of the issued ordinary share capital of the Company as at the date of the 2016 AGM at which the renewal of the Proposed Share Purchase Mandate is approved (unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time)). Any Shares which are held as treasury shares will be disregarded for the purposes of computing the ten per cent. (10%) limit. As at the Latest Practicable Date, the Company does not hold any treasury shares.

2. Any share purchases undertaken by the Company shall be at a price of up to but not exceeding:

(a) in the case of an On-Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and

(b) in the case of an Off-Market Purchase, 130% of the Highest Last Dealt Price,

(the "**Maximum Price**") in either case, excluding related expenses of the purchase.

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of a share over the last five (5) Market Days, on which transactions in the Shares were recorded, preceding the day of the On-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) day period.

"**Highest Last Dealt Price**" means the highest price transacted for a share on the Market Day on which the Shares were transacted on the SGX-ST immediately preceding the date of the making of the offer pursuant to the Off-Market Purchase; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

3. In making share purchases, the Company will comply with the requirements of the SGX-ST Listing Manual, in particular, Rule 886 with respect to notification to the SGX-ST of any share purchases. Rule 886 is reproduced below:

"(1) An issuer must notify the Exchange of any share purchase as follows:

(a) In the case of an On-Market acquisition, by 9.00 am on the market day following the day on which it purchased shares,

(b) In the case of an Off-Market acquisition under an equal access scheme, by 9.00 am on the second market day after the close of acceptances of the offer.

(2) Notification must be in the form of Appendix 8.3.1 (or 8.3.2 for an issuer with a dual listing on another stock exchange)."

4. Share purchases will be made in accordance with the "Terms of the Share Buyback Mandate" as set out in the Company's Circular to Shareholders dated 9 April 2009. All information required under the Act relating to the Proposed Share Purchase Mandate is contained in the said Terms.

5. The SGX-ST Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times. However, as a listed company would be considered an "insider" in relation to any proposed purchase or acquisition of its shares, the Company will undertake not to purchase or acquire shares pursuant to the Proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any shares during the period commencing one month immediately preceding the announcement of the Company's full-year and half year (if applicable) results and the period of two weeks immediately preceding the announcement of its quarterly results.

(G) Directors' Responsibility Statement

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Share Purchase Mandate. The Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or, reproduced in this Appendix in its proper form and context.

(H) Directors' Recommendation

The Directors of the Company are of the opinion that the renewal of the Proposed Share Purchase Mandate is in the best interests of the Company. Accordingly, the Directors of the Company recommend that shareholders vote in favour of Ordinary Resolution No. 8.

(I) Taxation

Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional tax advisers.

(J) Documents For Inspection

Copies of the following documents may be inspected at the registered office of the Company at 300 Tampines Avenue 5, #09-05 NTUC Income Tampines Junction, Singapore 529653 during normal business hours up to and including the date of the Annual General Meeting:

(a) the Memorandum and Articles of Association of the Company; and

(b) the audited financial statements of the Company for the financial year ended 31 December 2015.

OCEAN SKY INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 198803225E)

PROXY FORM

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 3 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. Please read the notes to the Proxy Form.

I/We, ____

of ____

being a member/members of OCEAN SKY INTERNATIONAL LIMITED, (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate):

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf, by poll, at the Annual General Meeting of the Company to be held at 300 Tampines Avenue 5, #09-05 NTUC Income Tampines Junction, Singapore 529653 on Tuesday, 26 April 2016 at 10.30 a.m. and at any adjournment thereof. The proxy is to vote on the business before the Meeting as indicated below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the Meeting.

Please indicate your vote "For" or "Against" with an "X" within the boxes provided.

No.	Resolutions relating to:	Number of Votes For	Number of Votes Against
1.	Adoption of the audited financial statements for the financial year ended 31 December 2015 together with the directors' statement and the auditors' report.		
2.	Re-election of Mr Chua Keng Hiang as Director		
3.	Re-election of Mr Ng Ya Ken as Director		
4.	Approval of directors' fees for financial year ended 31 December 2015		
5.	Approval of directors' fees for financial year ending 31 December 2016, payable quarterly in arrears		
6.	Re-appointment of Messrs BDO LLP as auditors and authority to fix their remuneration		
7.	Authority to issue shares or convertible securities		
8.	Renewal of Share Purchase Mandate		

Dated this ______ day of ____________________ 2016

Shares in:	No. of Shares
(a) Depository Register	
(b) Register of Members	

____

Signature(s) of Member(s) or Common Seal of Corporate Member

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Singapore Companies Act, Chapter 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.

3. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint two or more proxies to attend and vote at the Annual General Meeting. Relevant intermediary is either:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

   (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

4. Where a Member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 300 Tampines Avenue 5, #09-05 NTUC Income Tampines Junction, Singapore 529653, not less than forty-eight (48) hours before the time appointed for the Annual General Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the letter or the power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.

8. A corporation which is a member may authorise by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Annual General Meeting.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the members, being the appointer, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 April 2016.

Notes

Notes

Ocean Sky International Limited

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Singapore 529653
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